

STATE OF INDIANA )  
 ) SS:  
COUNTY OF MARION )

IN THE LAKE SUPERIOR COURT

CAUSE NO. 45C010711PL00301

STATE OF INDIANA, )

Plaintiff, )

v. )

VACATION RESORT MANAGEMENT )  
INC., HARBOR MANAGEMENT OF )  
COLORADO LLC, HARBOR )  
MANAGEMENT CORPORATION, )  
MADELINE ALLERTON, DAVID )  
HADDAD, and LISA JANTELEZIO, )

Defendants. )

FILED IN  
CLERK'S OFFICE  
2007 NOV 21 PM 3 06  
CLERK LAKE CIRCUIT COURT

**COMPLAINT FOR INJUNCTION,  
RESTITUTION, COSTS, AND CIVIL PENALTIES**

The State of Indiana, by Attorney General Steve Carter and Deputy Attorney General Matt Light, petitions the Court pursuant to the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-1, *et seq.*, Indiana Promotional Gifts and Contests Act, Ind. Code § 24-8-1-1 *et seq.*, Telephone Solicitations Act, Ind. Code § 24-5-12-1 *et seq.*, and Indiana Time Shares and Camping Clubs Act, Ind. Code § 32-32-1-1 *et seq.*, for injunctive relief, consumer restitution, investigative costs, civil penalties, and other relief.

**PARTIES**

1. The Plaintiff, State of Indiana, is authorized to bring this action and to seek injunctive and other statutory relief pursuant to Ind. Code § 24-5-0.5-4(c), Ind. Code § 24-8-6-3, Ind. Code § 24-5-12-23, and Ind. Code § 32-32-3-14.

CERTIFIED MAIL  
POST MARKED NOV 19 2007

2. The Defendant, Vacation Resort Management Inc. (hereinafter “VRMI”), at all times relevant to this Complaint was a Nevada foreign corporation regularly engaged in the sale of time shares, travel club memberships, and vacation packages to Indiana consumers. VRMI maintained principal places of business at 222 East State Street, Batavia, Illinois 60510 and 903 Commerce Drive, Oak Brook, Illinois 60523 and an Indiana office located at 5265 Commerce Drive, Crown Point, Indiana, 46305.

3. The Defendant, Harbor Management of Colorado LLC (hereinafter “Harbor - Colorado”), at all times relevant to this Complaint was a Colorado foreign limited liability company regularly engaged in the sale of time shares, travel club memberships, and vacation packages to Indiana consumers. Harbor – Colorado maintained a principal place of business at 3212 Rock Creek Drive, Broomfield, Colorado 80020 and an Indiana office located at 5265 Commerce Drive, Crown Point, Indiana, 46305.

4. The Defendant, Harbor Management Corporation (hereinafter “Harbor – Nevada”), at all times relevant to this Complaint was an Illinois foreign corporation regularly engaged in the sale of time shares, travel club memberships, and vacation packages to Indiana consumers. Harbor – Nevada maintained principal places of business at 3101 Spring Mountain Road, # 3, Las Vegas, Nevada 89102 and 1050 East Flamingo Road, Suite S-305, Las Vegas, Nevada 89119 and an Indiana office located at 5265 Commerce Drive, Crown Point, Indiana, 46305.

5. The Defendant, Madeline M. Allerton (hereinafter “Allerton”), at all times relevant to this Complaint was an individual regularly engaged in the sale of time shares, travel club memberships, and vacation packages to Indiana consumers. Allerton was the president of VRMI and resided or resides at 1231 Kaneville Road, Geneva, Illinois 60134; 401 Elm Avenue,

Geneva, Illinois 60134; 222 East State Street, Batavia, Illinois 60510; or 710 Natwill Square, Geneva, Illinois 60134

6. The Defendant, David W. Haddad (hereinafter “Haddad”), at all times relevant to this Complaint was an individual regularly engaged in the sale of time shares, travel club memberships, and vacation packages to Indiana consumers. Haddad was or is the vice president of VRMI, owner/operator of Harbor – Nevada, and co-managing member of Harbor – Colorado, and he resided or resides at P.O. Box 254, Franklin, Arkansas 72536; 1231 Kaneville Road, Geneva, Illinois 60134; 4653 Aventura Canyon Court, Las Vegas, Nevada 89139; or 11326 Patores Street, Las Vegas, Nevada 89141.

7. The Defendant, Lisa B. Jantalezio, also known as Lisa B. Haddad and formerly known as Lisa B. Alonso and Lisa B. Rogers (hereinafter “Jantalezio”), at all times relevant to this Complaint was an individual regularly engaged in the sale of time shares, travel club memberships, and vacation packages to Indiana consumers. Jantalezio was or is the vice president of VRMI, owner/operator of Harbor – Nevada, and co-managing member of Harbor – Colorado, and she resided or resides at P.O. Box 254, Franklin, Arkansas 72536; 1231 Kaneville Road, Geneva, Illinois 60134; 4653 Aventura Canyon Court, Las Vegas, Nevada 89139; or 11326 Patores Street, Las Vegas, Nevada 89141.

8. When, in this Complaint, reference is made to any act of Defendants, such allegations shall be deemed to mean that the principals, agents, representatives, or employees of Defendants did or authorized such acts to be done while actively engaged in the management, direction, or control of the affairs of Defendants and while acting within the scope of their duties, employment, or agency.

## **FACTS**

### **A. General Allegations**

9. VRMI, Harbor – Colorado, and Harbor – Nevada did business in Indiana under various assumed and fictitious names, including Harbor Resort Management Group, Harbor Management Resort Group, Harbor Resorts, Vacation Resorts, Star Vacation Club, Star Vacations, and VRM.

10. VRMI, Harbor – Colorado, and Harbor – Nevada failed to obtain certificates of existence or certificates of authority to do business in the State of Indiana.

11. On April 13, 2005, VRMI entered into a purchase agreement with Alternative Debt Portfolios L.P. (hereinafter “ADP”) in which VRMI agreed to sell or assign certain contracts, conditional sales contracts, chattel, installment notes, promissory notes, security agreements, invoices, accounts receivables, leases, and other obligations to ADP. A true and correct copy of VRMI’s contract with ADP is attached and incorporated by reference as Exhibit “A”.

12. On January 1, 2006, ADP sub-contracted with Highlands Credit Corporation (hereinafter “Highlands”) wherein Highlands agreed to perform billing and collections services for certain contracts assigned or sold to ADP. A true and correct copy of ADP’s contract with Highlands is attached and incorporated by reference as Exhibit “B”.

13. On October 13, 2006, Harbor – Colorado, Haddad, and Jantelezio entered into a contract with VRMI in which Harbor – Colorado, Haddad, and Jantelezio purchased the assets and accounts of VRMI. A true and correct copy of the asset purchase and sale agreement is attached and incorporated by reference as Exhibit “C”.

14. On October 18, 2006, Harbor – Colorado and Harbor – Nevada, collectively entered into a purchase agreement with ADP in which Harbor – Colorado and Harbor – Nevada agreed to sell or assign certain contracts, conditional sales contracts, security agreements, invoices, accounts receivables, leases, and other obligations to ADP. A true and correct copy of the purchase agreement is attached and incorporated by reference as Exhibit “D”.

15. As a material inducement and in consideration for ADP entering into the purchase agreement referenced in paragraph fourteen (14), Haddad and Jantelezio each individually executed a Personal Guaranty with ADP on October 19, 2006 and October 20, 2006, respectively. True and correct copies of Haddad’s Guaranty and Jantelezio’s Guaranty are attached and incorporated by reference as Exhibits “E” and “F,” respectively.

16. On January 23, 2007, ADP sub-contracted with Sonnenschein Financial Services Inc. (hereinafter “Sonnenschein”) wherein Sonnenschein agreed to perform billing and collections services for certain contracts assigned or sold to ADP. A true and correct copy of ADP’s contract with Sonnenschein is attached and incorporated by reference as Exhibit “G”.

17. On July 1, 2007, ADP executed a second sub-contract with Highlands wherein Highlands agreed to perform billing and collections services for certain contracts assigned or sold to ADP. A true and correct copy of ADP’s second contract with Highlands is attached and incorporated by reference as Exhibit “H”.

18. To attract prospects to Defendants’ time share, travel club membership, and vacation package sales presentations, Defendants or their agents engaged in direct mail solicitation and telemarketing of Indiana consumers.

19. At least since November 2005, Defendants have mailed solicitations or otherwise provided notices to Indiana consumers stating that the recipients had won or may have won a prize or prizes.

20. The solicitations and notices referred to in paragraph nineteen (19) do not disclose all eligibility limitations in least ten (10) point boldface type.

21. The solicitations and notices referred to in paragraph nineteen (19) do not disclose the verifiable retail values or statement of odds for each prize in immediate proximity with each listing of the prize and in the same size type and boldness as the prize.

22. The solicitations and notices referred to in paragraph nineteen (19) do not disclose, in at least ten (10) point boldface type, that the recipients are required to hear or attend a sales presentation in order to obtain the prize or prizes.

23. The solicitations and notices referred to in paragraph nineteen (19) do not disclose that the recipients are required to purchase additional goods or services, including shipping fees, handling fees, or any other charge, in order to obtain the prize or prizes.

24. Defendants have not registered with the Consumer Protection Division as “sellers” under Ind. Code § 24-5-12.

25. Defendants have not registered with the Consumer Protection Division as a time share seller under Ind. Code § 32-32-3.

26. VRMI, Harbor – Colorado, and Harbor – Nevada purposely interchanged and substituted their corporate, legal, assumed, and fictitious names when soliciting and transacting with consumers so as to confuse the consumers regarding the actual business entity with which they were dealing.

27. Allerton, Haddad, and Jantelezio have ignored, controlled, and manipulated the corporate and legal forms of their companies in an attempt to mislead and deceive consumers transacting with the corporations.

28. Pursuant to Ind. Code § 23-1-26-3, a shareholder may become personally liable by reason of the shareholder's own acts or conduct.

29. Piercing the corporate veil to hold Allerton, Haddad, and Jantelezio personally responsible for the actions of the corporations and companies they control is necessary to prevent misuse of the corporate form and to prevent injustice to consumers.

**B. Allegations Regarding Consumer Nikole Aponte's and Josh Skalka's Transaction.**

30. On or about August 16, 2006, Defendants, as agents of ICW Inc., entered into a contract with Nikole Aponte and Josh Skalka (hereinafter "Aponte and Skalka") of Chesterton, Indiana, wherein Aponte and Skalka agreed to purchase a time share and vacation exchange club membership for a total price of eight thousand dollars (\$8,000.00). A true and correct copy of Aponte's and Skalka's contract with Defendants is attached and incorporated by reference as Exhibit "I".

31. On or about August 16, 2006, Aponte and Skalka paid eight hundred dollars (\$800.00) to Defendants as a down payment on the contract referenced in paragraph thirty (30) and signed a promissory note and retail installment contract to pay the remaining balance at a seventeen and eight-tenths percent (17.8%) interest rate.

32. At the time Defendants contracted with Aponte and Skalka, Defendants represented that the time share and vacation package would entitle Aponte and Skalka to participate in the RCI Exchange Program, which would allow her to exchange her time share

points for other accommodations subject to availability. Defendants further represented that they would perform fulfillment and enrollment services necessary for Aponte and Skalka to use their timeshare and exchange club membership and stated that they would be able to use the purchased items by January 1, 2007.

33. At the time Defendants contracted with Aponte and Skalka, Defendants represented that the consumers' time share would be located in Florida.

34. Aponte and Skalka ultimately received property interests in a time share named "Villages on the Lake" located in Montgomery County, Texas.

35. Defendants failed to perform fulfillment and enrollment services for Aponte and Skalka and failed to pay ICW Inc. and RCI for the underlying property interest and memberships until March 2007.

36. Because of Defendants' misrepresentations and delay in performing their obligations, Aponte and Skalka were not able to use their time share or exchange club membership until April 2007.

### **C. Allegations Regarding Consumer Arturo Azcona's and Danielle Azcona's Transaction.**

37. On or about November 17, 2005, Defendants entered into a contract with Arturo Azcona and Danielle Azcona (hereinafter "Azconas") of Merrillville, Indiana, wherein the Azconas agreed to purchase a time share and vacation exchange club membership for a total price of six thousand nine hundred ninety-five dollars (\$6,995.00). A true and correct copy of the Azconas' contract with Defendants is attached and incorporated by reference as Exhibit "J".

38. On or about November 17, 2005, the Azconas paid six hundred ninety-nine dollars and fifty cents (\$699.50) to Defendants as a down payment on the contract referenced in



paragraph thirty-seven (37) and signed a promissory note and retail installment contract to pay the remaining balance at a seventeen and eight-tenths percent (17.8%) interest rate.

39. Defendants contract with the Azconas provides that the Azconas purchased a “service contract that requires seller to enroll Buyer in RCI and/or Star Vacation Club as well as locating and overseeing the deeded transfer of ownership in Buyer from contracted developers, resellers, homeowners association management companies and individuals, which can be used for participation in the RCI points resort program.”

40. At the time Defendants contracted with the Azconas, Defendants represented that the Azconas would receive their deeded timeshare interest and be enrolled in the RCI points exchange system within sixty (60) days of the transaction date.

41. At the time Defendants transacted with the Azconas, Defendants provided a written notice to the Azconas stating that they were entitled to a free “JetAway GetAway” vacation package through a third-party promoter, Infinity Incentive Group.

42. The Azconas attempted to redeem their free vacation with Infinity Incentive Group on November 22, 2005 and April 30, 2006, but they never received the prize.

43. Defendants failed to provide the Azconas with a substitute prize and failed to redeem the prize certificate after Infinity Incentive Group failed to do so.

44. Subsequent to entering into the contract with the Azconas, Defendants sold their rights under the promissory note referenced in paragraph thirty-eight (38) to ADP in January 2006, which sub-contracted the billing services for the contract to Highlands.

45. Defendants failed to pay ICW Inc. for the Azconas’ time share at Inverness South Padre until March 10, 2007. Defendants also failed to enroll the Azconas in RCI’s exchange system until at least March 10, 2007.

46. Because of Defendants' misrepresentations and delay in paying for and enrolling the timeshare and exchange club membership, the Azconas were unable to utilize their account for almost four (4) months.

47. The Azconas attempted to cancel their contract and obtain a refund, but the Defendants refused their request, so the Azconas are still receiving monthly bills from Highlands.

**D. Allegations Regarding Consumer Jamey Barnett's Transaction.**

48. On or about November 30, 2006, Defendants contacted Jamey Barnett (hereinafter ("Barnett")) of La Porte, Indiana, by telephone and represented that Barnett had won a free one thousand dollar (\$1,000.00) shopping spree and a free vacation.

49. On or about November 30, 2006, Barnett attempted to claim his prizes at Defendants' Crown Point location and Defendants provided Barnett with certificates stating that additional shipping, handling, and reservation fees were required.

50. On or about November 30, 2006, Defendants entered into a contract with Barnett, wherein Barnett agreed to purchase a time share and vacation exchange club membership for four thousand nine hundred dollars (\$4,900.00). A true and correct copy of Barnett's contract with Defendants is attached and incorporated by reference as Exhibit "K".

51. On or about November 30, 2006, Barnett paid Four Hundred Ninety Dollars (\$490.00) to Defendants as a down payment on the contract referred to in paragraph fifty (50) and signed a promissory note and retail installment contract to pay the remaining balance at a seventeen and eight-tenths percent (17.8%) interest rate.

52. Defendants' contract with Barnett provided that he could cancel the transaction within one hundred twenty (120) hours and receive a full refund.

53. Barnett cancelled his contract on December 4, 2006 by sending a written cancellation request by certified mail to Defendants.

54. Defendants promised Barnett on numerous occasions that they would provide a refund to Barnett and cancel his financing agreement.

55. Despite Barnett's cancellation, Defendants sold their rights under the promissory note referenced in paragraph fifty-one (51) to ADP, which sub-contracted the billing and collection services to Highlands.

56. Defendants failed to timely notify ADP and Highlands of Barnett's cancellation, and Highlands sent billing statements and payment demands to Barnett.

57. Defendants failed to refund Barnett's down payment.

**E. Allegations Regarding Consumers Morris and June Blackmon's Transaction.**

58. On or about June 6, 2006, the Defendants contacted Morris and June Blackmon (hereinafter "Blackmons") of East Chicago, Indiana, by telephone and represented that the Blackmons may have won a television, a car, or a vacation.

59. On or about June 6, 2006, the Blackmons attended a sales presentation at Defendants' Crown Point location and attempted to claim their prize

60. Defendants did not provide a prize to the Blackmons.

61. On or about June 6, 2006, Defendants entered into a contract with the Blackmons wherein the Blackmons agreed to purchase a time share and vacation exchange club membership for a total price of seven thousand nine hundred ninety-five dollars (\$7,995.00). A true and

correct copy of the Blackmons' contract with Defendants is attached and incorporated by reference as Exhibit "L".

62. On or about June 6, 2006, the Blackmons paid seven hundred ninety-nine dollars and fifty cents (\$799.50) to Defendants as a down payment on the contract referred to in paragraph sixty-one (61), and signed a promissory note and retail installment contract to pay the remaining balance at a seventeen and eight-tenths percent (17.8%) interest rate.

63. Defendants contract with the Blackmons provides that the Blackmons purchased a "service contract that requires seller to enroll Buyer in RCI and/or Star Vacation Club as well as locating and overseeing the deeded transfer of ownership in Buyer from contracted developers, resellers, homeowners association management companies and individuals, which can be used for participation in the RCI points resort program."

64. At the time Defendants contracted with the Blackmons, Defendants represented that the Blackmons would receive their deeded timeshare interest and be enrolled in the RCI points exchange system within sixty (60) days of the transaction date.

65. Defendants failed to pay ICW Inc. for the Blackmons' time share until September 2007. Defendants also failed to enroll the Blackmons in RCI's exchange system until at least September 2006.

66. Because of Defendants' misrepresentations and delay in paying for and enrolling the time share and exchange club membership, the Blackmons were unable to utilize their account for more than three (3) months.

**F. Allegations Regarding Consumer Crystal Corsey's Transaction.**

67. On or about July 18, 2006, Defendants entered into a contract with Crystal Corsey (hereinafter "Corsey") of Merrillville, Indiana, wherein Corsey agreed to purchase a time share and vacation exchange club membership for a total price of six thousand dollars (\$6,000.00). A true and correct copy of Corsey's contract with Defendants is attached and incorporated by reference as Exhibit "M".

68. On or about July 18, 2006, Corsey paid one hundred seventy-five dollars (\$175.00) to Defendants as a down payment on the contract referred to in paragraph sixty-seven (67) and signed a promissory note and retail installment contract to pay the remaining balance at a seventeen and eight-tenths percent (17.8%) interest rate.

69. Defendants' contract provided that it would "process enrollment on behalf of Buyer into the RCI exchange program" and "arrange transfer of deeded inventory and ownership from contracted Developer and Management companies to Buyer from RCI affiliated Resorts," among other things.

70. At the time Defendants contracted with Corsey, Defendants represented that Corsey would receive her account information within thirty (30) days and further represented that Corsey could begin using her time share and exchange club membership within sixty (60) days.

71. Corsey did not receive her account information until May 2007.

72. Defendants failed to provide fulfillment and enrollment services related to Corsey's time share and RCI membership until May 2007.

73. Because of Defendants' misrepresentations and delays, Corsey was unable to use her vacation membership package until May 2007.

**G. Allegations Regarding Consumers Cornell and Penny Davis's Transaction.**

74. On or about April 6, 2006, Defendants contacted Cornell and Penny Davis (hereinafter "Davises") of Hammond, Indiana, by telephone and represented that the Davises had won a prize if they would agree to attend one of Defendants' sales presentations.

75. On or about April 6, 2006, Defendants emailed the Davises to confirm that they had won an appointment to attend a sales presentation, that they had won a free one thousand dollar shopping spree, and that they were "guaranteed" to win "one of 5 major gifts": a Cadillac Escalade, ten (10) night Hawaiian vacation, two thousand five hundred dollars (\$2,500.00) in cash, seven (7) night Florida/Bahamas vacation and cruise, or a thirty-two (32) inch flatscreen television.

76. On or about April 9, 2006, Defendants entered into a contract with the Davises, wherein the Davises agreed to purchase a time share and vacation exchange club membership for a total price of two thousand nine hundred ninety-five dollars (\$2,995.00). A true and correct copy of the Davises' contract with Defendants is attached and incorporated by reference as Exhibit "N".

77. On or about April 9, 2006, the Davises paid two hundred ninety-five dollars (\$295.00) to Defendants as a down payment on the contract referred to in paragraph seventy-six (76) and signed a promissory note and retail installment contract to pay the remaining balance at a seventeen and eight-tenths percent (17.8%) interest rate.

78. Defendants' contract with the Davises provided that it would "process enrollment on behalf of Buyer into the [Interval International] exchange program" and "arrange transfer of

inventory and ownership from contracted Developer and Management companies to Buyer from Interval International affiliated Resorts,” among other things.

79. At the time Defendants contracted with the Davises, Defendants represented that the Davises could begin using their time share and exchange club membership within sixty (60) days.

80. Defendants failed to disclose that the Davises would have to pay required payment of additional costs and shipping and handling fees in order to redeem the free shopping spree.

81. Defendants did not provide any of the “5 major gifts” referenced in paragraph seventy-five (75) to the Davises.

82. Defendants failed to provide fulfillment and enrollment services related to the Davises’ time share and Interval International RCI membership within sixty (60) days of the transaction date.

83. Because of Defendants’ misrepresentations and delays, the Davises were unable to use their time share and exchange club membership until at least July 2007.

#### **H. Allegations Regarding Consumers George and Therese Drozd’s Transaction.**

84. On or about February 18, 2006, Defendants mailed a post card to George and Theresa Drozd (hereinafter “Drozds”) of Whiting, Indiana, and represented that the Drozds had won a television if they would agree to attend one of Defendants’ sales presentations.

85. On or about February 18, 2006, the Drozds went to Defendants’ Crown Point location to claim their prize. The Defendants did not give the Drozds the promised free television.

86. On or about February 18, 2006, Defendants entered into a contract with the Drozds, wherein the Drozds agreed to purchase a time share and vacation exchange club membership for a total price of one thousand five hundred ninety-five dollars (\$1,595.00). A true and correct copy of the Drozds' contract with Defendants is attached and incorporated by reference as Exhibit "O".

87. On or about February 18, 2006, the Drozds paid one hundred fifty dollars (\$150.00) to Defendants as a down payment on the contract referred to in paragraph eighty-six (86) and signed a promissory note and retail installment contract to pay the remaining balance at a seventeen and eight-tenths percent (17.8%) interest rate.

88. At the time Defendants contracted with the Drozds, Defendants represented that they would perform or provide enrollment services for the Drozds' RCI exchange club account within sixty (60) days.

89. At the time Defendants contracted with the Drozds, Defendants represented that the purchase agreement would entitle the Drozds to thirty thousand (30,000) points in the RCI exchange club system which could be redeemed after three (3) timely payments had been made.

90. The Drozds made three (3) timely payments and attempted to use their RCI points in May 2006, but their account had not been activated.

91. Defendants failed to provide enrollment services for the Drozds' RCI account until August 2006.

92. Because of Defendants' misrepresentations and delays, the Drozds were unable to use their exchange club membership until August 2006.



## **I. Allegations Regarding Consumers Dean and Emma Efantis' Transaction.**

93. On or about May 30, 2006, the Defendant entered into a contract with Dean and Emma Efantis (hereinafter "Efantis") of Valparaiso, Indiana, wherein the Efantis agreed to purchase a time share and vacation exchange club membership for a total price of one thousand nine hundred ninety-five dollars (\$1,995.00). A true and correct copy of the Efantis' contract with Defendants is attached and incorporated by reference as Exhibit "P".

94. On or about May 30, 2006, the Efantis signed a promissory note and retail installment contract pay the entire balance at a seventeen and eight-tenths percent (17.8%) interest rate.

95. At the time Defendants contracted with the Efantis, Defendants represented that they would perform or provide enrollment services for the Efantis' RCI exchange club account within sixty (60) days.

96. At the time Defendants contracted with the Efantis, Defendants represented that the purchase agreement would entitle the Efantis to thirty thousand (30,000) points in the RCI exchange club system which could be redeemed after three (3) timely payments had been made.

97. The Efantis made three (3) timely payments and attempted to use their RCI points, but their account had not been activated and they were unable to obtain any accommodations.

98. Defendants failed to provide enrollment services for the Efantis' RCI account within sixty (60) days.

99. Because of Defendants' misrepresentations and delays, the Efantis were unable to use their exchange club membership until at least June 2007.

**J. Allegations Regarding Consumer Michelle Ferrell's Transaction.**

100. On or about March 30, 2006, Defendants entered into a contract with Michelle Ferrell (hereinafter "Ferrell") of Michigan City, Indiana, wherein Ferrell agreed to purchase a time share and vacation exchange club membership for a total price of six thousand nine hundred ninety-five dollars (\$6,995.00). A true and correct copy of Ferrell's contract with Defendants is attached and incorporated by reference as Exhibit "Q".

101. On our about March 30, 2006, Ferrell signed a promissory note and retail installment contract to pay the full amount due under the contract referenced in paragraph one hundred (100) at a seventeen and eight-tenths percent (17.8%) interest rate.

102. At the time Defendants contracted with Ferrell, Defendants represented that Ferrell could cancel the transaction at any time prior to the first payment due date.

103. Ferrell attempted to cancel the contract referenced in paragraph ninety-nine (99) approximately three (3) weeks after the transaction date, before any payment due date had passed, but Defendants refused to cancel the contract.

104. Defendants sold their rights under the promissory note referenced in paragraph one hundred one (101) to ADP, which sub-contracted the billing and collection services to Highlands.

105. Because of Defendants' misrepresentations concerning cancellation rights, Ferrell continues to receive billing statements and payment demands from Highlands.

**K. Allegations Regarding Consumer Greg and Sharon Fodor's Transaction.**

106. On or about January 4, 2006, Defendants entered into a contract with Greg and Sharon Fodor (hereinafter "Fodors") of Portage, Indiana, wherein Fodors agreed to purchased a

time share and vacation exchange club membership for a total price of one thousand three hundred ninety-five dollars (\$1,395.00). A true and correct copy of the Fodors' contract with Defendants is attached and incorporated by reference as Exhibit "R".

107. On or about January 4, 2006, Fodors paid one hundred thirty-nine dollars and fifty cents (\$139.50) to Defendants as a down payment on the contract referred to in paragraph one hundred six (106) and signed a promissory note and retail installment contract to pay the remaining balance.

108. At the time Defendants contracted with the Fodors, Defendants represented that they would perform or provide fulfillment and enrollment services for the Fodors' RCI exchange club account and time share interest.

109. At the time Defendants contracted with Fodors, Defendants represented that the purchase agreement would entitle the Fodors to thirty thousand (30,000) points in the RCI exchange club system which could be redeemed after three (3) timely payments had been made.

110. The Fodors made more than three (3) timely payments and attempted to use their RCI points in January 2007, but their account had not been activated and they were unable to obtain any accommodations.

111. On or about January 3, 2007, Defendants represented that the Fodors would receive their account information within six (6) to eight (8) weeks.

112. On or about April 20, 2007, Defendants represented that the Fodors would receive their account information within forty-five (45) days.

113. Defendants have failed to provide enrollment and fulfillment services for the Fodor's time share and exchange club membership, failed to pay the time share company or RCI

for the underlying time share interest and exchange company membership the Fodors purchased, and failed to provide the Fodors with the applicable account information.

114. Because of Defendants' misrepresentation and failures to perform contract obligations, the Fodors have been unable to use their time share or exchange club points.

**L. Allegations Regarding Consumer Jeffrey and Irene Francis' Transaction.**

115. On or about December 6, 2006, Defendants entered into a contract with Jeffrey and Irene Francis (hereinafter "Francises") wherein the Francises agreed to purchase a time share and vacation exchange club membership for a total price of four thousand three hundred ninety dollars (\$4,390.00). A true and correct copy of the Francises's contract with Defendants is attached and incorporated by reference as Exhibit "S".

116. On or about December 6, 2006, the Francises paid four hundred thirty dollars and ninety cents (\$430.90) to Defendants as a down payment on the contract referred to in paragraph one hundred fifteen (115) and signed a promissory note and retail installment contract to pay the remaining balance at a seventeen and eight-tenths percent (17.8%) interest rate.

117. At the time Defendants contracted with the Francises, Defendants represented that they would perform or provide fulfillment and enrollment services for the Fodors' Interval International exchange club account and time share interest.

118. At the time Defendants contracted with the Francises, Defendants represented that that the Francises would receive their ownership and membership information within one (1) month and could begin using their time share and exchange account at that time.

119. Defendants have failed to provide enrollment and fulfillment services for the Fodor's time share and exchange club membership, failed to pay the time share company or

Interval International for the underlying time share interest and exchange company membership the Francises purchased, and failed to provide the Francises with the applicable account information.

120. Because of Defendants' misrepresentation and failures to perform contract obligations, the Francises have been unable to use their time share or exchange club points.

**M. Allegations Regarding Consumer Edward and Lorraine Frank's Transaction.**

121. On or about July 2, 2006, Defendants entered into a contract with Edward and Lorraine Frank (hereinafter "Franks") wherein the Franks agreed to purchase a time share and vacation exchange club membership for a total price of one thousand five hundred ninety-five dollars (\$1,595.00). A true and correct copy of the Franks' contract with Defendants is attached and incorporated by reference as Exhibit "T".

122. On or about July 2, 2006, the Franks paid one hundred fifty dollars (\$150.00) to Defendants as a down payment on the contract referred to in paragraph one hundred twenty-one (121) and signed a promissory note and retail installment contract to pay the remaining balance at a seventeen and eight-tenths percent (17.8%) interest rate.

123. At the time Defendants contracted with the Franks, Defendants represented that they would perform or provide fulfillment and enrollment services for the Fodors' RCI exchange club account and time share interest.

124. At the time Defendants contracted with Franks, Defendants represented that the purchase agreement would entitle the Franks to thirty thousand (30,000) points in the RCI exchange club system which could be redeemed after three (3) timely payments had been made.

125. The Franks made more than three (3) timely payments and attempted to use their RCI points in October 2006, but their account had not been activated and they were unable to obtain any accommodations.

126. Defendants promised the Franks on numerous occasions that their accounts were being processed and that they would receive their ownership and membership information soon.

127. Defendants have failed to provide enrollment and fulfillment services for the Franks' time share and exchange club membership, failed to pay the time share company or Interval International for the underlying time share interest and exchange company membership the Franks purchased, and failed to provide the Franks with the applicable account information.

128. Because of Defendants' misrepresentation and failures to perform contract obligations, the Franks have been unable to use their time share or exchange club points.

129. Subsequent to contracting with the Franks, Defendants sold their rights under the promissory note referenced in paragraph one hundred twenty-two (122) to ADP, which subcontracted the billing and collection services to Highlands.

130. The Franks made payments totaling five hundred sixty-one dollars and ninety-six cents (\$561.96) to Highlands.

131. On or about September 17, 2007, the Franks received a refund in the amount of five hundred sixty-one dollars and ninety-six cents (\$561.96) from Highlands.

132. The Franks have not received a refund of their down payment from Defendants.

**N. Allegations Regarding Consumer William and Celestine Holloway Garnett's Transaction.**

133. On or about May 12, 2006, Defendants contacted William Garnett and Celestine Holloway Garnett (hereinafter "Garnetts") of Merrillville, Indiana, by telephone and represented that the Garnetts had won a prize if they would attend one of Defendants' sale presentations.

134. On or about May 12, 2006, the Garnetts attended a sales presentation at Defendants' Crown Point location, but Defendants failed to provide the Garnetts with the promised prize.

135. On or about May 12, 2006, Defendant entered into a contract with the Garnetts, wherein the Garnetts agreed to purchase a time share and vacation exchange club membership for a total price of one thousand five hundred ninety-five dollars (\$1,595.00). A true and correct copy of the Garnetts' contract with Defendants is attached and incorporated by reference as Exhibit "U".

136. On or about May 12, 2006, the Garnetts paid one hundred fifty dollars (\$150.00) to Defendants as a down payment on the contract referred to in paragraph one hundred thirty-five (135) and signed a promissory note and retail installment contract for the remaining balance at a seventeen and eight-tenths percent (17.8%) interest rate.

137. At the time Defendants contracted with the Garnetts, Defendants represented that they would perform or provide fulfillment and enrollment services for the Garnetts' RCI exchange club account and time share interest.

138. At the time Defendants contracted with Garnetts, Defendants represented that the purchase agreement would entitle the Garnetts to thirty thousand (30,000) points in the RCI exchange club system which could be redeemed after three (3) timely payments had been made.

139. The Garnetts made more than three (3) timely payments and attempted to use their RCI points in November 2006, but their account had not been activated and they were unable to obtain any accommodations.

140. Defendants promised the Garnetts on numerous occasions that their accounts were being processed and that they would receive their ownership and membership information soon.

141. Defendants have failed to provide enrollment and fulfillment services for the Garnetts' time share and exchange club membership, failed to pay the time share company or RCI for the underlying time share interest and exchange company membership the Garnetts purchased, and failed to provide the Garnetts with the applicable account information.

142. Because of Defendants' misrepresentation and failures to perform contract obligations, the Garnetts have been unable to use their time share or exchange club points.

#### **COUNT I – VIOLATIONS OF THE PROMOTIONAL GIFTS AND CONTESTS ACT**

143. Plaintiff realleges and incorporates by reference the allegations contained in paragraphs one (1) through one hundred forty-two (142) above.

144. By mailing or otherwise distributing written notices to consumers offering property or a chance to obtain property based on a representation that the recipient had been awarded or may have been awarded prizes, as referenced in paragraphs 18, 19, 41, 49, 75, and 84 above, Defendants conducted "promotions" as defined in Ind. Code § 24-8-2-5.

145. By failing to disclose the verifiable retail value or odds for each prize listed in the notices in immediate proximity with each listing of the prize and in the same size type and boldness as the prize, as referenced in paragraph 21 above, Defendants violated the Indiana Promotional Gifts and Contests Act, Ind. Code § 24-8-3-5.



146. By failing to disclose all eligibility limitations in least ten (10) point boldface type in the notices, as referenced in paragraph 20 above, Defendants violated the Indiana Promotional Gifts and Contests Act, Ind. Code § 24-8-3-8.

147. By failing to conspicuously disclose that, in at least ten (10) point boldface type, the recipients of the prize notices are required to hear or attend a sales presentation in order to obtain the prizes, as referenced in paragraph 22 above, Defendants violated the Indiana Promotional Gifts and Contests Act, Ind. Code § 24-8-3-6.

148. By failing to disclose that, in at least ten (10) point boldface type, the recipients of the prize notices were required to pay additional costs to receive the prizes, including shipping fees, handling fees, or any other charge, by using the following appropriately completed statement: “You must pay \$ \_\_\_\_\_ in order to receive this item,” Defendants violated the Indiana Promotional Gifts and Contests Act, Ind. Code § 24-8-3-7.

149. By failing to provide the promised prizes or an adequate substitute prize to consumers, as referenced in paragraphs 43, 60, 81, 85, and 133 above, Defendants violated the Indiana Promotional Gifts and Contests Act, Ind. Code § 24-8-5-1.

150. By failing to honor a voucher, certificate, or other evidence of obligation if the person named as being responsible fails to honor the voucher, certificate, or other evidence of obligation, as referenced in paragraph 43 above, Defendants violated the Indiana Promotional Gifts and Contests Act, Ind. Code § 24-8-5-2.

151. Pursuant to Ind. Code § 24-8-6-3, Defendants’ violations of the Indiana Promotional Gifts and Contests Act constitute deceptive acts and are subject to the remedies and penalties listed in Ind. Code § 24-5-0.5.

## **COUNT II - VIOLATIONS OF THE TELEPHONE SOLICITATIONS ACT**

152. Plaintiff realleges and incorporates by reference the allegations contained in paragraphs one (1) through one hundred fifty-one (151) above.

153. By soliciting consumers and making false representations or implications that the consumers would receive a gift, prize, or the value of a gift or prize, as referenced in 41, 48, 58, 74, 75, 84, and 133 above, Defendants acted as “sellers” as defined in the Indiana Telephone Solicitations Act, Ind. Code § 24-5-12.

154. By failing to file a registration statement and pay the registration fee to the Consumer Protection Division, as referenced in paragraph 24 above, Defendants violated the Indiana Telephone Solicitations Act, Ind. Code §§ 24-5-12-10 and 24-5-12-11.

155. Pursuant to Ind. Code § 24-5-12-23, Defendants’ violations of the Indiana Telephone Solicitations Act constitute deceptive acts and are subject to the remedies and penalties listed in Ind. Code § 24-5-0.5.

## **COUNT III - VIOLATIONS OF THE TIME SHARES AND CAMPING CLUBS ACT**

156. Plaintiff realleges and incorporates by reference the allegations contained in paragraphs one (1) through one hundred fifty-five (155) above.

157. By selling or offering to sell time shares to Indiana consumers, as referenced in paragraphs 30, 37, 50, 61, 66, 76, 86, 93, 100, 106, 115, 121, and 135 above, Defendants are subject to the Indiana Time Shares and Camping Clubs Act, Ind. Code § 32-32.

158. By failing to register with and pay the registration fee to the Consumer Protection Division, as referenced in paragraph 25 above, Defendants violated the Indiana Time Shares and Camping Clubs Act, Ind. Code §§ 32-32-3-1 and 32-32-3-3.

159. Pursuant to Ind. Code § 32-32-3-14, Defendants' violations of the Indiana Time Shares and Camping Clubs Act constitute deceptive acts and are subject to the remedies and penalties listed in Ind. Code § 24-5-0.5.

#### **COUNT IV - VIOLATIONS OF THE DECEPTIVE CONSUMER SALES ACT**

160. Plaintiff re-alleges and incorporates by reference the allegations contained in paragraphs one (1) through one hundred fifty-nine (159) above.

161. The transactions identified in paragraphs 30, 37, 50, 61, 66, 76, 86, 93, 100, 106, 115, 121, and 135 above are "consumer transactions" as defined by Ind. Code § 24-5-0.5-2(1).

162. Defendants are "suppliers" as defined in Ind. Code § 24-5-0.5-2(3).

163. By representing to consumers that they would receive free prizes or gifts, as referenced in paragraphs 41, 48, 58, 74, 75, 84, and 133 above, when Defendants knew or should have known the consumers would not receive such benefits, the Defendants misrepresented the characteristics, benefits, and uses of the transaction in violation of the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(1).

164. By misrepresenting the terms of the contracts with consumers, as referenced in paragraphs 33, 52, 89, 96, 102, 109, 124, and 138 above, when Defendants knew or should have known that the representations were false, the Defendants misrepresented the sponsorship, approval, performance, characteristics, accessories, uses, or benefits of the transactions in violation of the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(1).

165. By misrepresenting to consumers that they would perform or provide enrollment and fulfillment services related to time share interests and vacation exchange club memberships, as referenced paragraphs 32, 39, 63, 69, 78, 88, 95, 108, 117, 123, and 137 above, when Defendants knew or reasonably should have known that they would not perform or provide such services as represented, the Defendants misrepresented the characteristics, benefits, and uses of the transaction in violation of the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(1).

166. By misrepresenting to third party finance companies that consumers still had payment obligations on promissory notes, as referenced in paragraph 55 above, when Defendants knew or should have know that the consumers had properly cancelled and no longer had any payment obligations on the notes, the Defendants misrepresented the characteristics, benefits, and uses of the transactions in violation of the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(1).

167. By representing to consumers that they would provide refunds to the consumers, as referenced in paragraphs 52 and 54 above, when Defendants knew or reasonably should have known that refunds would not be issued, the Defendants misrepresented the rights, remedies, or obligations of the transactions in violation of the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(8).

168. By misrepresenting to consumers that they could cancel their transactions within a certain period of time, as referenced in paragraphs 52 and 102 above, when Defendants knew or reasonably should have known that such cancellation requests would not be honored, the Defendants misrepresented the rights, remedies, or obligations of the transactions in violation of the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(8).

169. By representing expressly or by implication that they would complete the subject matter of the consumer transactions within a stated period of time or within a reasonable period of time, as referenced in paragraphs 32, 40, 64, 70, 79, 88, 95, 111, 112, 118, 126, and 140 above, when Defendants knew or reasonably should have known they would not be so completed, the Defendants violated the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(10).

**COUNT V – KNOWING AND INTENTIONAL VIOLATIONS  
OF THE DECEPTIVE CONSUMER SALES ACT**

170. The Plaintiff realleges and incorporates by reference the allegations contained in paragraphs one (1) through one hundred sixty-nine (169) above.

171. The misrepresentations and deceptive acts set forth above were committed by Defendant with knowledge and intent to deceive.

**RELIEF**

**WHEREFORE**, Plaintiff, State of Indiana, requests that the Court enter judgment against the Defendants, Vacation Resort Management Inc., Harbor Management of Colorado LLC, Harbor Management Corporation, Madeline Allerton, David Haddad, and Lisa Jantelezio, for a permanent injunction pursuant to Ind. Code § 24-5-0.5-4(c)(1), enjoining the Defendant from the following:

- a. representing, expressly or by implication, the subject of a consumer transaction has sponsorship, approval, characteristics, accessories, uses, or benefits it does not have, which Defendants know or reasonably should know it does not have;

- b. representing, expressly or by implication, that a consumer transaction involves or does not involve a warranty, a disclaimer of warranties, or other rights, remedies, or obligations, if the representation is false and if Defendants know or should reasonably know that the representation is false;
- c. representing, expressly or by implication, that Defendants are able to deliver or complete the subject of a consumer transaction within a stated period or time or within a reasonable period of time, when Defendants know or reasonably should know that the transaction cannot be so completed;
- d. in the course of conducting promotions in Indiana, failing to include all of the items required by Ind. Code §§ 24-8-2-3 through 24-8-3-8 in the promotional notice sent to consumers;
- e. in the course of conducting promotions in Indiana, failing to offer to the consumer a substitute prize pursuant to the terms of Ind. Code § 24-8-5-1(a) if the prize the consumer won is not available;
- f. in the course of conducting promotions in Indiana, failing to honor a voucher, certificate, or other evidence of obligation if the person named as being responsible fails to honor the voucher, certificate, or other evidence of obligation;
- g. acting as a seller as defined in the Indiana Telephone Solicitations Act without properly registering with the Consumer Protection Division; and

- h. acting as time share seller without properly registering with the Consumer Protection Division.

**AND WHEREFORE**, the Plaintiff, State of Indiana, further requests the Court enter judgment against Defendants for the following relief:

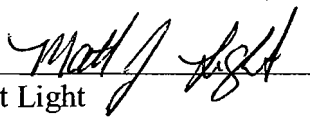
- a. cancellation of the Defendant's unlawful contracts with consumers, including, but not limited to, the persons identified in paragraphs 30, 37, 50, 61, 66, 76, 86, 93, 100, 106, 115, 121, and 135, pursuant to Ind. Code § 24-5-0.5-4(d);
- b. costs, pursuant to Ind. Code § 24-5-0.5-4(c)(3), awarding the Office of the Attorney General its reasonable expenses incurred in the investigation and prosecution of this action;
- c. consumer restitution for money unlawfully received from aggrieved consumers, including, but not limited to, the persons identified in paragraphs 30, 37, 50, 61, 66, 76, 86, 93, 100, 106, 115, 121, and 135, pursuant to Ind. Code § 24-5-0.5-4(c)(2);
- d. on Count V Plaintiff's complaint, civil penalties, pursuant to Ind. Code § 24-5-0.5-4(g), for the Defendants' knowing violations of the Promotional Gifts and Contests Act, Telephone Solicitations Act, Time Shares and Camping Clubs Act, and Deceptive Consumer Sales Act, in the amount of Five Thousand Dollars (\$5,000.00) per violation, payable to the State of Indiana;

- e. on Counts II and IV of the Plaintiff's complaint, civil penalties, pursuant to Ind. Code § 24-5-0.5-8, for the Defendants' intentional violations of the Promotional Gifts and Contests Act, Telephone Solicitations Act, Time Shares and Camping Clubs Act, and Deceptive Consumer Sales Act, in the amount of Five Hundred Dollars (\$500.00) per violation, payable to the State of Indiana; and
- f. all other just and proper relief.

Respectfully submitted,

STEVE CARTER  
Indiana Attorney General  
Atty. No. 4150-64

By:

  
Matt Light  
Deputy Attorney General  
Atty. No. 25680-83

Office of Attorney General  
Indiana Government Center South  
302 W. Washington Street, 5th Floor  
Indianapolis, IN 46204  
Telephone: (317) 232-4774

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## PURCHASE AGREEMENT

**THIS AGREEMENT** is made and entered into this 13th day of April, 2005 by and between Vacation Resort Management, Inc., a Nevada Corporation having offices at 1231 Kaneville Road, Geneva, IL 60134 (hereinafter referred to as "Seller") and Alternative Debt Portfolios, L.P., a Delaware Limited Partnership having offices at 700 Ida Court Incline Village, NV 89451 (hereinafter referred to as "Company");

That for and in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, it is agreed as follows:

1. The Seller may sell to, or have the Company bill or advance on, hereinafter referred to as "Assign" certain Contracts, Conditional Sales Contracts, Chattel, Installment Notes, Promissory Notes, Security Agreements, Invoices, Accounts Receivables, Leases or other obligations hereinafter referred to as "Contracts" arising out of the sale of merchandise or services sold or delivered by the Seller. The Company reserves the right to make an investigation of all Contracts submitted and the Company may, at its sole discretion, reject any such Contracts submitted by the Seller.
2. For each Contract purchased by, or assigned to, the Company, the Company shall be due all payments from Contract Obligor. The Company shall determine the amount of advance required to purchase each Contract and a separate addendum shall specify the purchase price due to the Seller.
3. Contracts sold or assigned to the Company by the Seller shall become the sole property of the Company and the Seller waives all rights to said Contracts. Funds delivered by the company shall constitute payment in full for the Seller's interest in Contracts sold or assigned. The Seller waives any claims of consequential and/or punitive damages.
4. The Seller understands and acknowledges that any and all representations and warranties he makes is material to the Company's purchase of each Contract. If any representation or warranty made to the Company or to the Seller's customer in connection with a Contract is in the conclusive opinion of the Company, breached or untrue, the Seller shall unconditionally guarantee payment of the discounted amount remaining unpaid and shall, upon demand by the Company, repurchase within ten days such Contract in cash for the full amount then unpaid, whether or not the Contract obligor is in default under the Contract, and shall indemnify, defend and hold harmless from and against any and all liabilities, losses, costs, judgments, fines and expenses, including attorney fees, that may be incurred by the Company at any time in connection with or as a result of such breach or misrepresentation. The Seller understands and agrees that the Company may obtain repayment for any Contract required to be purchased by the Seller under this provision by right of set-off, and the Seller hereby grants to the Company the right to obtain such repayment by offsetting the repayment of such Contract by the Seller, the Company shall return the Contract to the Seller.
5. In addition to any rights and remedies of the Company provided by law, the Company shall have the further right, under the conditions stated below, to set-off and make application against the Seller's cash advances, or any other monetary obligation owing by the Company to the Seller. Such right of set-off shall be exercised by the Company without prior written or oral notice, and any such notice is hereby expressly waived by the Seller to the extent permitted by applicable law. The Company's right of set-off shall be effective upon the occurrence of any event of charge back or other loss provided that such event is documented by the Company. The Company may exercise its right of set-off in its sole discretion either at the time of the occurrence of any such event or loss, or at any time thereafter, and such right of set-off may be exercised by the Company against the Seller or any successor or assignee. The Company agrees to promptly notify the Seller after any set-off or applications made provided that the failure to give such notice shall not affect the validity of such set-off or application.
6. The Seller shall instruct all obligors on Contracts sold by the Seller to the Company that all payments on such Contracts shall be made to the Company.
7. The Seller shall comply fully with all requirements of Federal Truth-in Lending laws and regulations and shall save the Company harmless from any and all claims and expenses arising out of the Seller's failure to do so, including but not limited to all attorneys' fees and litigation costs incurred by the Company. If any law, statute or regulation changes, is amended, or enacted that would change the eligibility or enforcement of contracts purchased from Seller, Seller shall promptly notify Company in writing and not submit such contracts for purchase to Company.
8. The Seller warrants to the Company that if the retail transaction or negotiations related to the retail transaction were conducted in a language other than English, Seller gave each buyer prior to entering into the contract or any written agreement an unexecuted copy of the contract or other written agreement written in such foreign language.
9. The Seller warrants to the Company that all Contracts sold to the Company are free from any defenses on the part of all Contract obligors and the Seller shall save the Company harmless of and from all expenses (including but not limited to attorneys' fees and litigation costs incurred by the Company) arising out of all claims or defenses interposed by any Contract obligor whether by suit, defense, counterclaim or otherwise.
10. The Seller hereby assigns and sets over to the Company all of its right, title, and interest in and to any and all Contracts which are accepted by the Company for financing.
11. Each account purchased by the Company from Seller is or has been or shall be assigned to Company by Seller. Seller hereby grants to Company, the authority and right to endorse on Seller's behalf any documents necessary to effectuate such assignment.



**PURCHASE AGREEMENT**

12. The Seller represents and warrants that all Contracts sold by it to the Company are free from any liens or encumbrances and that the Seller is authorized to assign the Contracts to the Company. The Seller hereby provides the Company an absolute guaranty of such representations and warranties. The Seller also grants Company a security interest in all Contracts assigned to Company pursuant to the Uniform Commercial Code. Upon request by Company, Seller will execute and deliver a Uniform Commercial Code Form UCC-1 Financing Statement from time to time covering all Contracts assigned.

13. The Seller is an Independent Contractor and therefore is solely responsible for any and all taxes due in the course of its business including but not limited to federal, state and local income taxes, intangibles taxes and sales taxes.

14. Either party may terminate this agreement at any time with or without notice. The expiration of this Agreement or earlier termination thereof shall not in any way affect this Agreement which shall continue in full force and effect with respect to those Contracts purchased by the Company from the Seller prior to the expiration or termination of this Agreement and which shall remain in full force and effect with respect to the obligations of the Seller and the Company with respect to all such Contracts.

15. This Agreement constitutes the entire agreement between the parties and there are no other agreements between the parties except as expressly contained herein. This Agreement may be amended only by a writing signed by both parties hereto. This Agreement supersedes and invalidates any prior agreement between the parties.

16. The Seller appoints the Company its attorney-in-fact with power of attorney to endorse the Seller's name on all Contracts, checks or other instruments received in payment of said Contracts and to receive, open and dispose of any mail addressed to the Seller and to do all things Seller might do in connection with the collection or enforcement of payment of all Contracts sold or assigned to the Company.

17. In the event any administrative agency or court of competent jurisdiction should find a paragraph of this Agreement to be unenforceable, illegal or void, then such paragraph shall be deleted from the Agreement. The remaining paragraphs of this Agreement, however, shall remain in full force and effect and shall not be nullified or voided in any way by the deletion of such paragraph.

18. The failure of either party at any time to exercise any of its rights under this Agreement shall not be deemed waiver of such rights, nor shall such failure in any way prevent such party from subsequently asserting or exercising such rights.

19. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Nevada. The Seller to the extent provided by law, waives his right to a jury trial in any matter arising out of this Agreement and this waiver is absolute and unconditional. The Company and the Seller agree that the venue of any litigation arising out of any dispute concerning this Agreement shall be in the courts of Washoe County, NV and no litigation shall be commenced in any other court in Nevada or elsewhere without the consent of both parties. In the event of any litigation regarding this Agreement the prevailing party shall be entitled to an award of its reasonable attorney's fees and cost of litigation.

20. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs and assigns.

21. For the purpose of notification, the respective parties shall be sent by first class mail or in person, addressed to the Company or to the Seller at their respective office addresses as set forth below, and to such other person or place as may from time to time be designated in writing.

22. The parties may amend this Agreement only in writing signed by both parties.

**SELLER:** Vacation Resort Management, Inc. 1231 Kaneville Road, Geneva, IL 60134

Signature: Melvin Allerton  
Print Name: Melvin Allerton Title: President  
Date: 4/22/05

**COMPANY:** Alternative Debt Portfolios, L.P. 790 Ida Court, Incline Village, NV 89451

Signature: Eric J. Sanglotti  
Print Name: Eric J. Sanglotti Title: Managing Director  
Date: 4/22/05

**Purchase Addendum**  
**Vacation Resort Management, Inc**

Pursuant to the Purchase Agreement by and between Alternative Debt Portfolios, L.P. "COMPANY" and Vacation Resort Management, Inc., "Seller" dated the 13th day of April, 2005, the parties hereby agree to the following terms and conditions:

**Purchase Price and Terms:**

- Amount Financed: Up to \$6000.
- Maximum Contract term of Forty-Eight (48) months.
- The purchase price for contracts will be as follows for the following credit tiers:
  - (A Credit) Ninety Percent (90%) of the principal loan balance.
  - (B Credit) Seventy-Five Percent (75%) of the principal loan balance.
  - (C Credit) Contracts which are declined for purchase will be classified as C Credit and serviced (payment processing, collections, and reports) on behalf of the Seller for a fee of 6% of the monthly payment payable to Alternative Debt Portfolios, LLC. C Credit contracts will be reviewed for purchase as B credit after three complete consecutive payments have been paid.
- The Annual Percentage Rate of Contracts will be as follows:
  - 17.8%

**Requirements:**

- Seller's credit application and Contract may be used. Other finance company Contracts may be used if reviewed by COMPANY. The review of applications and financing agreements by COMPANY does not attest to compliance with Federal, State, Municipal laws, statutes or ordinances.
- Applicant(s) must have telephone at residence.
- Credit application must be completed in full including two personal references, preferably relatives, not living in the same household with address and phone numbers.
- Applicant(s) must be gainfully employed; otherwise they must provide an employed co-applicant. The receipt of a recent pay stub (within the last thirty days) will be required prior to funding or most recent tax returns if self employed.
- Applicant(s) must have an active checking or savings account with authorization to process monthly payments through.
- All other requirements stipulated at the time of approval must also be provided prior to funding.

**Verification (Final Approval Prior To Funding):**

**COMPANY must receive:**

- Completed original financing agreement signed by applicant(s).
- Original completed credit application signed by applicant(s).
- Credit report on applicant
- Verification of delivery of product/ service and customer understanding of terms by COMPANY.

**Funding:**

- The purchase price amount will be remitted to Seller upon receipt of paperwork and completion of COMPANY's verification of all terms and conditions required as a condition to approval.
- Funds will be remitted by regular mail at no additional cost. Seller can arrange to have checks couriered or funds wired for a service charge.
- Seller is subject to a one-time documentation fee of \$9.95 per contract purchased, payable to Alternative Debt Portfolios, LLC.

**Recourse:**

- Seller agrees to re-purchase, within ten days, any contract that is found to be fraudulent, where the customer did not receive the proper merchandise or services, where there was an oral contract or agreement, where merchandise was not properly serviced, where the contract was found to be unenforceable, unassignable, or invalid due to state or federal compliance laws. Seller also agrees to repurchase or replace any Contract which becomes delinquent by more than 30 days on any payment due to COMPANY. Seller is subject to a \$9.95 fee for all cancelled, replaced or repurchased Contracts, payable to Alternative Debt Portfolios, LLC.

**Client Origination Fee:**

- Seller will pay a one-time origination fee of \$150 payable to Alternative Debt Portfolios, LLC, which COMPANY will deduct from SELLER'S funding payout when due.

Seller hereby agrees and accepts the above terms and conditions.

Seller: Vacation Resort Management, Inc.

Signature: Madelina Alatorre Date: 4/22/05

Print Name Madelina Alatorre Title: President

New

**Purchase Addendum**  
**Vacation Resort Management, Inc**

Pursuant to the Purchase Agreement by and between **Alternative Debt Portfolios, L.P.**, "COMPANY" and **Vacation Resort Management, Inc.**, "Seller" dated the 13th day of April, 2005, the parties hereby agree to the following terms and conditions:

**Purchase Price and Terms:**

- Amount Financed: Up to \$6000.
- Maximum Contract term of Forty-Eight (48) months.
- The purchase price for contracts will be as follows for the following credit tiers:
  - (A Credit) Ninety Percent (90%) of the principal loan balance.
  - (B Credit) Seventy-Five Percent (75%) of the principal loan balance.
  - (C Credit) Sixty-Five (65%) of the principal loan balance.
  - (Serviced Contracts) Contracts which are declined for purchase will be serviced (payment processing, collections, and reports) on behalf of the Seller for a fee of 6% of the monthly payment payable to Alternative Debt Portfolios, LLC. Serviced contracts will be reviewed for purchase as C credit after three complete consecutive payments have been made.
- The Annual Percentage Rate of Contracts will be as follows:
  - 17.8%

**Requirements:**

- Seller's credit application and Contract may be used. Other finance company Contracts may be used if reviewed by COMPANY. The review of applications and financing agreements by COMPANY does not attest to compliance with Federal, State, Municipal laws, statutes or ordinances.
- Applicant(s) must have telephone at residence.
- Credit application must be completed in full including two personal references, preferably relatives, not living in the same household with address and phone numbers.
- Applicant(s) must be gainfully employed; otherwise they must provide an employed co-applicant. The receipt of a recent pay stub (within the last thirty days) will be required prior to funding or most recent tax returns if self employed.
- Applicant(s) must have an active checking or savings account with authorization to process monthly payments through.
- All other requirements stipulated at the time of approval must also be provided prior to funding.

**Verification (Final Approval Prior To Funding):****COMPANY must receive:**

- Completed original financing agreement signed by applicant(s).
- Original completed credit application signed by applicant(s).
- Credit report on applicant
- Verification of delivery of product/ service and customer understanding of terms by COMPANY.

**Funding:**

- The purchase price amount will be remitted to Seller upon receipt of paperwork and completion of COMPANY's verification of all terms and conditions required as a condition to approval.
- Funds will be remitted by regular mail at no additional cost. Seller can arrange to have checks couriered or funds wired for a service charge.
- Seller is subject to a one-time documentation fee of \$9.95 per contract purchased, payable to Alternative Debt Portfolios, LLC.

**Recourse:**

- Seller agrees to re-purchase, within ten days, any contract that is found to be fraudulent, where the customer did not receive the proper merchandise or services, where there was an oral contract or agreement, where merchandise was not properly serviced, where the contract was found to be unenforceable, unassignable, or invalid due to state or federal compliance laws. Seller also agrees to repurchase or replace any Contract which becomes delinquent by more than 30 days on any payment due to COMPANY. Seller is subject to a \$9.95 fee for all cancelled, replaced or repurchased Contracts, payable to Alternative Debt Portfolios, LLC.

**Client Origination Fee:**

- Seller will pay a one-time origination fee of \$150 payable to Alternative Debt Portfolios, LLC. which COMPANY will deduct from SELLER'S funding payout when due.

Seller hereby agrees and accepts the above terms and conditions.

Seller: Vacation Resort Management, Inc.

Signature: \_\_\_\_\_

Date: 6-8-05

Print Name: \_\_\_\_\_

Title: VP - Business Development

Lisa Santelero

**Purchase Addendum #2**  
**Vacation Resort Management, Inc**

Pursuant to the Purchase Agreement by and between Alternative Debt Portfolios, L.P. "COMPANY" and Vacation Resort Management, Inc., "Seller" dated the 13th day of April, 2005, the parties hereby agree to the following terms and conditions:

**Purchase Price and Terms:**

- Amount Financed: Up to \$9000.
- Maximum Contract term of Sixty (60) months.
- The purchase price for contracts will be as follows for the following credit tiers:
  - (A Credit) Ninety Percent (90%) of the principal loan balance.
  - (B Credit) Seventy-Five Percent (75%) of the principal loan balance.
  - (C Credit) Sixty-Five Percent (65%) of the principal loan balance.
  - (Serviced Contracts) Contracts which are declined for purchase will be serviced (payment processing, collections, and reports) on behalf of the Seller for a fee of 6% of the monthly payment payable to Alternative Debt Portfolios, LLC. Serviced contracts will be reviewed for purchase as C credit after three complete consecutive payments have been made.
- The Annual Percentage Rate of Contracts will be 17.8%. Seller may buy down the Interest rate. For each percentage point less than 17.8%, Seller will be assessed an additional purchase price of One Percent (1%).
- Contracts written with a term greater than Forty-Eight (48) months, but no longer than Sixty (60) months will be purchased at the credit tier rates as stated above less Five Percent (5%) of the principal loan balance.

**Requirements:**

- Seller's credit application and Contract may be used. Other finance company Contracts may be used if reviewed by COMPANY. The review of applications and financing agreements by COMPANY does not attest to compliance with Federal, State, Municipal laws, statutes or ordinances.
- Applicant(s) must have telephone at residence.
- Credit application must be completed in full including two personal references, preferably relatives, not living in the same household with address and phone numbers.
- Applicant(s) must be gainfully employed; otherwise they must provide an employed co-applicant.
- Applicant(s) must have an active checking or savings account with authorization to process monthly payments through.
- All other requirements stipulated at the time of approval must also be provided prior to funding.

**Verification (Final Approval Prior To Funding):**

**COMPANY must receive:**

- Completed original financing agreement signed by applicant(s).
- Original completed credit application signed by applicant(s).
- Credit report on applicant
- Verification of delivery of product/ service and customer understanding of terms by COMPANY.

**Funding:**

- The purchase price amount will be remitted to Seller upon receipt of paperwork and completion of COMPANY's verification of all terms and conditions required as a condition to approval.
- Funds will be remitted by regular mail at no additional cost. Seller can arrange to have checks couriered or funds wired for a service charge.
- Seller is subject to a one-time documentation fee of \$9.95 per contract purchased, payable to Alternative Debt Portfolios, LLC.

**Recourse:**

- Seller agrees to re-purchase, within ten days, any contract that is found to be fraudulent, where the customer did not receive the proper merchandise or services, where there was an oral contract or agreement, where merchandise was not properly serviced, where the contract was found to be unenforceable, unassignable, or invalid due to state or federal compliance laws. Seller also agrees to repurchase or replace any Contract which becomes delinquent by more than 30 days on any payment due to COMPANY. Seller is subject to a \$9.95 fee for all cancelled, replaced or repurchased Contracts, payable to Alternative Debt Portfolios, LLC.

**Client Origination Fee:**

- Seller will pay a one-time origination fee of \$150 payable to Alternative Debt Portfolios, LLC, which COMPANY will deduct from SELLER'S funding payout when due.

Seller hereby agrees and accepts the above terms and conditions.

Seller: Vacation Resort Management, Inc.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

*Madeline Allerton* 9/10/06  
*Madeline Allerton* President

**Purchase Addendum #3  
Vacation Resort Management, Inc**

Pursuant to the Purchase Agreement by and between Alternative Debt Portfolios, L.P. "COMPANY" and Vacation Resort Management, Inc., "Seller" dated the 13th day of April, 2005, the parties hereby agree to the following terms and conditions:

**Purchase Price and Terms:**

- Amount Financed: Up to \$2000.
- Maximum Contract term of Sixty (60) months.
- The purchase price for contracts will be as follows for the following credit tiers:
  - (A Credit) Ninety Percent (90%) of the principal loan balance.
  - (B Credit) Eighty Percent (80%) of the principal loan balance.
  - (C Credit) Seventy Percent (70%) of the principal loan balance.
  - (Serviced Contracts) Contracts which are declined for purchase will be serviced (payment processing, collections, and reports) on behalf of the Seller for a fee of 8% of the monthly payment plus 3% credit card interchange for any credit card debts payable to Alternative Debt Portfolios, LLC. Serviced contracts will be reviewed for purchase as C credit after three complete consecutive payments have been made.
- The Annual Percentage Rate of Contracts will be 17.8%. Seller may buy down the interest rate for contracts with terms of 30 months or less. For each percentage point less than 17.8%, Seller will be assessed an additional discount to principal of One Percent (1%).
- Same as Cash Provision—If the debtor's entire principal balance is paid in full by their 11<sup>th</sup> payment for the B and C credit tiers, and the 5<sup>th</sup> payment for the A credit tier, the debtor's interest will be forgiven.

**Requirements:**

- Seller's credit application and Contract may be used. Other finance company Contracts may be used if reviewed by COMPANY. The review of applications and financing agreements by COMPANY does not attest to compliance with Federal, State, Municipal laws, statutes or ordinances.
- Applicant(s) must have telephone at residence.
- Credit application must be completed in full including two personal references, preferably relatives, not living in the same household with address and phone numbers.
- Applicant(s) must be gainfully employed; otherwise they must provide an employed co-applicant.
- Applicant(s) must have an active checking or savings account with authorization to process monthly payments through.
- All other requirements stipulated at the time of approval must also be provided prior to funding.

**Verification (Final Approval Prior To Funding):**

COMPANY must receive:

- Completed original financing agreement signed by applicant(s).
- Original completed credit application signed by applicant(s).
- Credit report on applicant
- Verification of delivery of product/ service and customer understanding of terms by COMPANY.

**Funding:**

- The purchase price amount will be remitted to Seller upon receipt of paperwork and completion of COMPANY's verification of all terms and conditions required as a condition to approval.
- Funds will be remitted by regular mail at no additional cost. Seller can arrange to have checks couriered or funds wired for a service charge.
- Seller is subject to a one-time documentation fee of \$9.95 per contract purchased, payable to Alternative Debt Portfolios, LLC.

**Recourse:**

- Seller agrees to re-purchase, within ten days, any contract that is found to be fraudulent, where the customer did not receive the proper merchandise or services, where there was an oral contract or agreement, where merchandise was not properly serviced, where the contract was found to be unenforceable, unassignable, or invalid due to state or federal compliance laws.
- Seller also agrees to repurchase or replace any Contract which becomes delinquent by more than 30 days on:
  - (A Credit) Any of its first three (3) payments, plus contracts with delinquency exceeding 3% of balances purchased
  - (B Credit) Any of its first six (6) payments, plus contracts with delinquency exceeding 6% of balances purchased
  - (C Credit) Any payment due to COMPANY.
- Seller is subject to a \$9.95 fee for all cancelled, replaced or repurchased Contracts.
- Seller agrees to repurchase all non-recourse contracts at a price of \$1000 each after Company has pursued collections options.

**Client Origination Fee:**

- Seller will pay a one-time origination fee of \$150 which COMPANY will deduct from SELLER'S funding payout when due.

Seller hereby agrees and accepts the above terms and conditions.

Seller: Vacation Resort Management, Inc.

Signature: Madeline Allerton Date: 6/20/06  
Print Name: Madeline Allerton Title: President

Company: Alternative Debt Portfolios, L.P., 780 Ma Court Incline Village, NV 89451

Signature: Eric J. Gangloff Date: 6/21/06

Print Name: Eric J. Gangloff Title: Managing Director





**SERVICING and COLLECTIONS AGREEMENT**  
**HIGHLANDS CREDIT CORP. ("Highlands")**

and

**ALTERNATIVE DEBT PORTFOLIOS, L.P., a Delaware Limited Partnership**

THIS AGREEMENT is entered into and/or effective this 1st day of January, 2006, by and between HIGHLANDS CREDIT CORP, a Colorado Corporation, ("Highlands") and ALTERNATIVE DEBT PORTFOLIOS, L.P., A Delaware Limited Partnership ("Client");

**RECITALS**

WHEREAS, Highlands is, in part, in the business of servicing and collecting on accounts receivable financing documents, money notes, and other like documents; and

WHEREAS, the parties have agreed that Highlands shall service the contracts purchased by Client and placed for Servicing by Client; and

NOW THEREFORE IN CONSIDERATION OF THE COVENANTS HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. **Definitions.** the following terms shall have the meaning hereinafter set forth:

- a) "Contract Assignment and Sales Agreement" shall mean the agreement between Highlands and Client wherein Highlands and Client agreed that Highlands would service certain contracts or negotiable instruments on behalf of Client;
- b) "Contract Obligor" shall mean the person(s) or entity (ies) obligated to make payments under any Serviced Contracts.
- c) "Delinquent Contract" shall mean any Serviced Contract under which monies are owed to the Client with respect to the sale of goods or services for a period in excess of thirty days.
- d) "Dues" shall mean any monies paid to the Client by a member on a monthly, quarterly, semi-annual or annual basis in order to retain membership privileges.
- e) "Serviced Contract" shall mean any contract for which payments are being collected, monitored or otherwise serviced by Highlands.

2. **Servicing.** Client irrevocably retains and appoints Highlands to service the Serviced Contracts, including but not limited to those set forth in Exhibit A, including the periodic billing and collection of all amounts due under the Serviced Contracts (including but not limited to principal, interest, dues, late fees and attorney's fees), the collection of monies due under Delinquent Contracts or other Serviced Contracts and the payment to Highlands under this Agreement from the payments made under the Serviced Contracts.

3. **Assignment.** Due to the volume of accounts assigned Highlands may not assign billing duties hereunder to a third party of its choosing.

4. **Limitation of Warranty.** EXCEPT AS PROVIDED HEREIN, THERE ARE NO EXPRESS OR IMPLIED WARRANTIES MADE BY HIGHLANDS TO CLIENT. UNDER NO

CIRCUMSTANCES WILL HIGHLANDS BE LIABLE TO CLIENT FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL OR INCIDENTAL DAMAGES OR LOSSES, WHETHER FORESEEABLE OR UNFORESEEABLE, BASED ON THE

5. **Term.** This Agreement shall remain in effect for a period of twelve (12) months and shall be renewed in twelve (12) month intervals unless cancelled in writing by either party. Cancellation must be given in writing with ninety (90) days notice to terminate.
6. **Fees Payable To Highlands.** See Exhibit B, amended January 1, 2006, executed separately.
7. **Duties of Client.** Throughout the term at this agreement Client shall;
  - a) Pay Highlands the fees due hereunder, as set forth in Highlands' monthly invoice, within ten (10) days of forwarding the invoice (all invoices shall deduct any sums withheld by Highlands from amounts collected under the Serviced Contract).
  - b) Pay Highlands a late charge of five percent (5%) of the billing amount not paid for the fees set forth herein after ten (30) days of Highlands' forwarding the invoice.
  - c) Not transfer the servicing of the Serviced Contracts except as noted during the term of this agreement without the express written consent of Highlands.
  - d) Comply with any expressed or implied duty otherwise set forth in this Agreement.
8. **Limitation of Client Rights.** Client shall have NO right to:
  - a) During the term of this Agreement, collect on or service any contract assigned to Highlands for servicing.
9. **Authority granted to Highlands.** Client irrevocably grants to Highlands the authority to:
  - a. Act as its exclusive agent with respect to the cash receipts and processing of each Serviced Account.
  - b. Be its true and lawful attorney-in-fact with full right, title and authority to endorse and negotiate any check, bank draft, money order or other negotiable instrument payable to Client in respect to any Serviced Contract in Client's name, place and stead.
  - c. Initiate payment collection to be made to a depository bank designated by Highlands via pre-authorized electronic debit.
  - d. Cause all payments to be deposited to one or more depository accounts held for the benefit of Client.
  - e. Upon receipt by a Lockbox Bank, post to the records of the assigned account all amounts of any kind received on that account in accordance with any Lockbox Agreement.
  - f. To withhold from collections on Serviced Contracts the service fees and amounts due hereunder.

**10. Duties of Highlands.** Throughout the term of this agreement, Highlands or its assignee shall to the best of its skill and ability:

- a) Use its own funds, tools, supplies, and equipment in the performance of its services hereunder.
- b) Upon receipt from Client of any Contract to be serviced by Highlands, send a written notice or coupon book to the Contract Obligors under the Serviced Contract setting forth payment instructions.
- c) Post and deposit all payments or like monies received on Client accounts within and maintain transaction history on all Serviced Contracts.
- d) Maintain its records as they relate to the Serviced Contracts in accordance with generally accepted accounting principals and upon the Client's written request, give access thereto.
- e) Mail written delinquent notices to the Contract Obligors of the Serviced Contracts as is reasonable where payment or other obligation becomes delinquent for more than 10 days.
- f) Make as many telephone calls as it deems necessary to effectuate collection of amounts due under all Serviced Contracts. Collector calling hours will be from 7 AM to 8 PM Mountain time Monday-Friday, and 9 AM to Noon Mountain time on Saturday.
- g) Notify Client of any Contract that is delinquent and provide periodic Aging Reports.
- h) Provide Client with a monthly accounting with respect to each and every Serviced Contract submitted to it hereunder.
- i) Provide Client with remote access to agreed-upon reporting and debtor account data via the Internet.
- j) Provide Client with a monthly invoice for all fees due after deducting any payments withheld by Highlands for fees from payments under the Serviced Contracts.
- k) If this Agreement is terminated, provide Client with an electronic file sufficient to load all billing accounts with another billing company, including collector comments and all debtor billing data within 5 days of the termination date. Unless electronic exports are made a standard feature of the HCC system, creation of the electronic file will be subject to the programming fees outlined in Exhibit B.

**11. Delinquency Collections.** Highlands will provide collection services for accounts that become over ten (10) days delinquent in accordance with the following:

- a) Highlands shall send notifications to delinquent Contract Obligors and at its discretion initiate telephonic and written collection efforts.
- b) Highlands shall during the primary collections period maintain a minimum service level of a 3-day cycle of telephonic attempts to contact the debtor.
- c) At the conclusion of One Hundred Twenty (120) Days from the point of delinquency, Highlands shall consult with Client concerning the disposition of the subject account. The services and fees for such collections services will be determined by exhibit B as amended January 1, 2006.

- 12. Attorney's Fees.** In the event of any dispute under this Agreement, the prevailing party shall receive an award of reasonable attorney's fees and costs and in the event of a default in this agreement; the defaulting party shall pay the non-defaulting party its attorney's fees and costs, whether or not suit is actually filed.
- 13. Entire Agreement.** This Agreement constitutes the entire Agreement between the parties with respect to the subject matter herein. All prior contemporaneous agreements, understandings, representations, warranties and statements, oral or written, relating to the subject matter hereof are superseded. No modification to or amendment to this Agreement shall be binding unless in writing and executed by both parties.
- 14. Governing Law; Venue.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Colorado. Venue in any action brought with respect to any provision of this Agreement shall be in Jefferson County, Colorado and Client specifically consents to the jurisdictions of any state or federal court sitting in either of the aforementioned counties.
- 15. Miscellaneous.**
- a) Each party agrees that the covenants and promises contained herein are good and sufficient consideration for the respective obligations required hereunder.
  - b) Should any term or condition hereof be deemed void or unenforceable, the remaining provisions of this Contract shall remain in full force and effect.
  - c) The parties have independently, separately and freely negotiated each and every provision of this Contract as if all parties drafted this Contract. The parties, therefore, waive any statutory or common law presumption that would serve to have this document construed in favor of, or against, either party.
  - d) This Contract may be executed in any number of counterparts, including original or facsimile counterparts, all of which when taken together shall constitute the entire contract of the parties.
  - e) The failure of Highlands to immediately exercise any right herein shall not constitute a waiver of the right to do so later or constitute a waiver to exercise any other rights immediately or later. The waiver of any one right or condition precedent of Highlands shall not be a waiver of any other right or condition precedent by Highlands.
  - f) All notices required herein shall be in writing and deemed delivered (i) upon personal delivery to the parties hereto, or (ii) one business day after being sent overnight mail, postage prepaid, or (iii) when sent by facsimile with transmission verification, or (iv) three days after being mailed to the parties hereto by United States Mail, return receipt requested, postage prepaid, addressed as set forth below, unless written notice of change of address is hereafter given by the parties as provided herein.
  - g) Nothing herein shall be deemed to constitute or create a partnership or joint venture between Highlands and Client.
  - h) Whenever in this Agreement the context so requires, the singular shall include the plural and the plural the singular.

**CLIENT: ALTERNATIVE DEBT PORTFOLIOS, L.P.**  
A Delaware Limited Partnership

BY: 

(signature required)

Date

Name: Eric Gangloff

Title: Managing Director

Address: 790 Ida Court Incline Village, NV 89451

STATE OF: Nevada

COUNTY OF: Washoe

**HIGHLANDS CREDIT CORP.**

A Colorado Corporation

Wells Fargo Bank Building

10288 W. Chatfield Ave, Suite 209

Littleton, CO 80127

By: 

(signature required)

Date

Name: Willyre H. Barnett

Title: President

## SERVICING AGREEMENT FEE SCHEDULE "EXHIBIT B" Amended

Exhibit B to the Servicing Agreement is hereby amended and dated January 1, 2006 between Highlands Credit Corporation, a Colorado Corporation hereinafter referred to as ("Highlands") and ALTERNATIVE DEBT PORTFOLIOS, L.P., a Delaware Limited Partnership ("Client"). The Servicing Fees due from Client to Highlands are as follows:

1. Accounts less than 120 days past due\* - A Sum equal to \$3.00 per account per month for accounts requiring a monthly billing statement and \$1.50 per account per month for accounts having payments made via auto debit. Disbursements of Servicing Proceeds are made weekly. 10% of the gross dollars collected will be withheld to cover charge backs and NSF items. For accounts on monthly billing, Highlands shall provide a minimum of two telephone calls weekly.
2. Accounts more than 120 days past due
  - a. ADP will have the option to place accounts more than 120 days past due with an outside collections firm or with Highlands collections.
  - b. Primary Collections - a sum equal to 30.00% of the collected revenue will be paid for accounts placed with Highlands collections. The skip tracing and asset search functions will be included in this pricing.
3. Late fees - Highlands shall retain 50% of all late fees collected with the remaining 50% remitted to ADP.
4. Load fees - shall be assessed at \$1.50 per account for manual loads. Data file uploads not requiring manual entry shall be billed at a fee equal to 10 cents per file loaded, with a \$ 10.00 minimum.
5. Exit Fee - An exit fee will not be charged unless Client transfers Serviced Accounts to another third-party billing or collections company in the middle of a billing or primary collections cycle. These cycles shall be a minimum of 120 days unless agreed upon by both parties. Should an Exit Fee be warranted, the fee shall be equal to \$5.00 per account.
6. Programming Fees - Billed at \$150.00 per hour for special reports and/or projects.
7. Deliveries - Client will be charged at cost for any overnight, two day or express mail deliveries at cost.
8. ACH Transfer Fees - \$5.00 per remittance to ADP.
9. NSF/Chargeback Fee - \$4 per item in the event that Highlands is unable to collect from the contract debtor.
10. Credit Card Processing Fee - 3% of the payment amount for all payments taken via credit card.

\*These fees include monthly statement invoicing, full collection activities, month end reconciliation reports, credit bureau charges, credit processing and underwriting fees and recourse management. These activities are required as part of the servicing of sub-prime accounts and shall be recognized to be included in the account fees outlined in section 1 above. Should activities on a particular portfolio be over and above the costs and reasonable profit levels contained in these fees it is agreed that Highlands shall surface this and reach a solution on that portfolio with ADP.

\*\*ADP reserves the right to charge documentation fees and put billing spreads into effect with their clients.

\*\*\*Should the fees in items 7-10 above be reduced to HCC through volume discounts, HCC agrees to pass the discounts on to ADP as well.

Highlands Credit Corporation  
A Colorado Corporation

By: 

Its: President

Alternative Debt Portfolios, L.P.  
A Delaware Limited Partnership

By: 

Its: Managing Director





**ASSET PURCHASE AND SALE AGREEMENT**

**THIS ASSET PURCHASE AND SALE AGREEMENT** (hereinafter, the "Agreement") is entered into as of the 13<sup>th</sup> day of October, 2006, by and between **Harbor Management of Colorado, LLC ("Harbor")**, a Colorado limited liability company whose mailing address is 11326 Patores Street, Las Vegas, Nevada 89141, **David Haddad**, individually, whose mailing address is 11326 Patores Street, Las Vegas, Nevada 89141, and **Lisa Jantelezio**, individually, whose mailing address is 11326 Patores Street, Las Vegas, Nevada 89141 (hereafter, jointly and severally, referred to as "Buyer") and **Vacation Resort Management, Inc.**, a Nevada corporation whose mailing address is 222 East State Street, Batavia, Illinois 60510 (hereinafter referred to as "Seller").

**WITNESSETH:**

**WHEREAS**, Buyer desires to purchase and receive from Seller, and Seller desires to convey, sell and transfer to Buyer, certain of Seller's assets, as hereinafter provided; and

**WHEREAS**, Buyer and Seller desire to make this Agreement for the purpose of setting forth the representations, warranties, promises and covenants made by each to the other as an inducement to Seller to sell and Buyer to purchase certain of Seller's assets in accordance herewith:

**NOW, THEREFORE**, for and in consideration of Ten and No/100 Dollars (\$10.00) paid in hand, and these premises and in consideration of the mutual representations, warranties, promises and covenants hereinafter contained to be performed, the receipt and sufficiency of which is hereby acknowledged, Buyer and Seller covenant and agree as follows:

**I**

**SALE OF ASSETS AND ASSUMPTION OF LIABILITIES**

A. **INCLUDED ASSETS.** Upon the Closing Date, as hereafter defined, and subject to the terms and conditions hereinafter set forth, Seller shall sell, assign and transfer, as the case may be, to Buyer, and Buyer shall purchase and accept from Seller, the following assets (hereinafter referred to collectively as the "Included Assets") now owned by Seller and heretofore utilized in the operation of the Seller's business:

(1) All furniture, fixtures, equipment, machinery, apparatus, leasehold improvements and other tangible personal property or interests therein, of every kind, nature, character and description, whether real, personal or mixed, in existence on the date hereof, whether or not carried on the books and records of Seller, related to Seller's business in Seller's Crown Point, Indiana; Oakbrook, Illinois; Gurnee, Illinois and Las Vegas, Nevada stores, as set forth in Exhibit "A" attached hereto and incorporated herein by this reference (hereinafter referred to as the "FFE Assets");

(2) All of Seller's rights, title and interest in the leases for its Crown Point, Indiana; Oakbrook, Illinois; Gurnee, Illinois and Las Vegas, Nevada stores through which seller operates its business and copies of which are attached hereto as Exhibits "B1"- "B4" (the "Leases"), including but not limited to the right to use the described premises as outlined by the terms of the respective leases, and the obligation to pay rent as outlined by such lease agreements. Buyer and Seller understand and agree that Buyer shall, as of the Closing Date, assume any and all liabilities



in respect of the Leases, including, without limitation, any utility charges as may be associated with the operation of any of the premises which are the subject of the Leases (the "Utility Charges"); provided, however, that Buyer's responsibility for rent payments shall commence with payment of the November 1, 2006 rental payments under the Leases;

(3) All of Seller's rights, title, and interest in and to that certain Purchase Agreement dated as of April 13, 2005 by and between Seller and Alternative Debt Portfolios, L.P., ("ADP"), as amended or modified, a copy of which is attached hereto as Exhibit "C" (the "ADP Contract");

(4) All of Seller's rights, title and interest under all of Seller's accounts receivable, including, without limitation, those arising from membership payment obligations (including, by way of example, Star Travel Club memberships), whether or not carried on the books and records of Seller, as set forth in Exhibit "D" attached hereto and incorporated herein by this reference (hereinafter referred to as the "Account Assets");

(5) All of Seller's rights, title and interest under any consumer purchase contracts, retail installment contracts and promissory notes as relates to the Star Travel Club or otherwise, as set forth in Exhibit "E" attached hereto and incorporated herein by this reference (hereinafter referred to as the "Consumer Purchase Contracts");

(6) All of Seller's rights, title and interest in and to Seller's employee/independent contractor payroll reserve escrow accounts ("Employee Payroll Reserve Accounts") for such of Seller's employees/independent contractors working in Seller's Crown Point, Indiana; Oakbrook, Illinois; Gurnee, Illinois and Las Vegas, Nevada stores. Copies of the statements in respect of such Employee Payroll Reserve Accounts are attached hereto in Exhibit "F" and incorporated herein by this reference (hereinafter referred to as the "Employee Payroll Reserve Account Statements");

(7) Certain of Seller's rights, title, and interest in and to that certain Non-Circumvention, Non-Competition Agreement and Right to Sell dated as of October 21, 2005 by and between Seller and ICW, Inc., ("ICW"), a copy of which is attached hereto as Exhibit "Q" (the "ICW Contract"); and

(8) All of Seller's rights, title, and interest in and to that certain Sales and Marketing Agreement dated as of November 1, 2005 by and between Seller and St. Johann Alpenland Resort Corporation, ("ARI"), a copy of which is attached hereto as Exhibit "R" (the "ARI Contract").

**B. EXCLUDED ASSETS.**

Buyer and Seller expressly understand and agree that the assets to be sold, assigned and transferred hereunder are limited to the Included Assets set forth in Section 1A. hereof and do not include any other assets of the Seller, including, but not limited to, the following: the right to operate under the name Vacation Resort Management, Inc., or any related trade or "doing business as" names or any intangible or intellectual property rights of the Seller, including, without limitation, any trademark, service mark, logos, software or websites of Seller; any licenses, approvals or permits of Seller; phone numbers and listings; and accounts (other than the Employee Payroll Reserve Accounts), cash and cash equivalents; and any and all rights or interests of Seller under the ICW Contract or otherwise associated with any and all claims, demands, actions or causes of action, remedies, losses, costs or expenses, damages, of any kind whatsoever, at law or in equity, known or unknown, suspected or unsuspected;

fixed or contingent ("Excluded Assets"). All Excluded Assets shall remain the sole and exclusive property of Seller.

C. ASSUMPTION OF LIABILITIES.

Buyer and Seller expressly acknowledge and agree that, as of the Closing Date, Buyer accepts all (except as set forth hereafter regarding the ICW Contract) of Seller's right, title and interest under, in and to or in respect of the FFE Assets, the Leases (including related utility charges), the Account Assets, the ADP Contract, the Consumer Purchase Contracts, the Employee Payroll Reserve Accounts, the ICW Contract (provided however that certain of Seller's rights and interests under the ICW Contract shall be and are hereby expressly reserved to Seller as Excluded Assets as set forth above and in Exhibit Q attached hereto and incorporated herein by this reference) and the ARI Contract, and shall assume and hereby agrees to perform and discharge all of Seller's Liabilities (as hereinafter defined) arising under or in respect of such Included Assets, including, without limitation, Seller's recourse (including repurchase and replacement) obligations under the ADP Contract. On the Closing Date, Buyer and Seller shall execute and deliver an Assignment and Assumption Agreement in the form attached hereto as Exhibit "G" and which is incorporated herein by this reference. The assumption of Seller's Liabilities hereunder shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. As used in this Agreement, the term "Liabilities" shall mean any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, expense (including, without limitation, costs of investigation, collection and defense), claim, deficiency, guaranty or endorsement of any type, whether accrued, absolute, contingent, liquidated, unliquidated, matured, unmatured or otherwise.

II

EARNEST MONEY, PURCHASE PRICE, AND INSURANCE

A. EARNEST MONEY. Buyer shall deposit the total sum of Two Hundred Thousand and No/00 Dollars (\$200,000.00) of earnest money (the "Earnest Money") with Weinstock & Scavo, P.C. (the "Escrow Agent") pursuant to that certain Escrow Agreement dated as of the 13th day of October, 2006 by and among Buyer, Seller, and Escrow Agent. Such Earnest Money shall be disbursed and applied toward the Purchase Price (as defined below) at Closing as herein set out.

B. PURCHASE PRICE. In consideration of the sale, assignment and or transfer of the Included Assets pursuant to this Agreement, Buyer shall pay to Seller the principal sum of Five Hundred Thousand and No/100 Dollars (\$500,000.00) plus interest (the "Purchase Price"), payable as follows:

(1) Certified Funds. Two Hundred Thousand and No/100 Dollars (\$200,000.00) shall be paid at Closing in cash to Seller. Such amount shall be satisfied by application of Earnest Money toward Purchase Price.

(2) Promissory Note and Related Security Instruments. In addition at the Closing, Buyer shall deliver to Seller (i) a secured purchase money promissory note (the "Note") in the principal amount of Three Hundred Thousand and No/100 Dollars (\$300,000.00), together with interest accruing thereon at the rate calculated therein, substantially in the form attached hereto as Exhibit "H", incorporated herein by this reference, and (ii) a Security Agreement securing repayment of the Note substantially in the form attached hereto as Exhibit "I", incorporated herein by this reference.

D. ALLOCATION. Buyer and Seller shall allocate the Purchase Price to the Included Assets in accordance with the direction and determination of the Seller in Seller's sole discretion.

E. KEY MAN INSURANCE. As further consideration for this Agreement, Buyer shall obtain and maintain during the term of the Note a key man life insurance policy in the amount of Three Hundred Thousand and No/100 (\$300,000.00) with a reputable insurance company to the satisfaction of Seller which policy shall insure the life of David Haddad and name Madeline Allerton as primary beneficiary. Seller agrees that any life insurance proceeds received by Madeline Allerton shall be placed in escrow with an escrow agent mutually acceptable to Buyer and Seller, and such proceeds shall be held and disbursed in accordance with the terms of an escrow agreement mutually agreeable to the parties; provided that such escrow agreement shall contain the terms as set forth in Exhibit "J", attached hereto and incorporated herein by this reference.

### III CLOSING

A. DATE AND TIME OF CLOSING.

(1) Closing Date. The closing of the transactions contemplated by this Agreement (the "Closing") shall occur on October 13, 2006, ("Closing Date") at a time to be mutually agreed upon by the parties, and shall be conducted by the offices of Weinstock & Scavo, P.C. located at 3405 Piedmont Road N.E., Suite 300, Atlanta, Georgia 30305.

(2) Extension of Closing Date. Buyer and Seller may agree in writing to extend the Closing Date on mutually acceptable terms and conditions.

B. DELIVERIES AT CLOSING.

(1) Buyer shall deliver the Purchase Price, including the cash and the Note.

(2) Buyer shall duly execute and deliver the Security Agreement.

(3) As soon as practical, Buyer shall deliver a copy of the insurance policy required by this Agreement regarding the Key Man life insurance policy in the amount of \$300,000.00 insuring the life of David Haddad and naming Madeline Allerton as beneficiary.

(4) Seller shall deliver the Bill of Sale to Buyer conveying the FFE Assets to Buyer in the form attached hereto as Exhibit "K" and made a part hereof by this reference.

(5) Buyer and Seller shall execute and deliver the Assignment and Assumption Agreement regarding the Assets in the form attached hereto as Exhibit "G" and made a part hereof by this reference.

(6) Buyer and Seller shall execute and deliver the Assignment, Assumption and Consent Agreement in respect of the ADP Contract, which shall be consented to by ADP in the form attached hereto as Exhibit "L" and made a part hereof by this reference.

(7) Buyer and Seller shall execute and deliver the Assignment and Assumption of Leases Agreement in the form attached hereto as Exhibit "M" and made a part hereof by this reference.

(8) Buyer and Seller shall execute and deliver the Sale Assignment in the form attached hereto as Exhibit "N" and made a part hereof by this reference.

(9) Buyer and Seller shall execute and deliver the Assignment and Assumption of Employee Payroll Reserve Accounts in the form attached hereto as Exhibit "O" and made a part hereof by this reference.

(10) Buyer and Seller shall execute and deliver the Assignment and Assumption Agreement in respect of the ICW Contract, in the form attached hereto as Exhibit "Q" and made a part hereof by this reference.

(11) Buyer and Seller shall execute and deliver the Assignment, Assumption and Consent Agreement in respect of the ARI Contract, which shall be consented to by ARI in the form attached hereto as Exhibit "R" and made a part hereof by this reference.

(12) In addition to all documents, instruments, and agreements expressly provided for herein, Buyer and Seller shall execute and deliver such other documents as may be reasonably required to effectuate the purposes of this Agreement.

(13) Harbor shall execute and deliver a certificate of its Co-Managers and Members (i.e., David Haddad and Lisa Jantelezio) in a form satisfactory to Seller to the effect that all necessary company action to effectuate the subject transactions has been properly taken.

#### IV REPRESENTATIONS AND WARRANTIES BY SELLER

Seller represents and warrants that, as of the Closing Date:

A. ORGANIZATION AND STANDING OF SELLER; AUTHORIZATION. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and has the power to own or lease its properties and to carry on its business as now being conducted. The execution of this Agreement by Seller and its delivery to Buyer has been duly authorized by the Board of Directors and Shareholders of Seller and no further action on the part of Seller will be necessary to make this Agreement binding upon Seller thereof in accordance with its terms.

B. NO BROKER. Seller has not entered into and will not in the future enter into any contract, arrangement or undertaking with any third party or firm which will result in the obligation of Buyer to pay any finder's fee, brokerage, commission or similar payment in connection with the transactions contemplated hereby.

C. NO WARRANTIES. Buyer acknowledges that Buyer has had the opportunity to examine the Included Assets and to become familiar with the physical, financial and other condition thereof. It is understood and agreed that, other than as set forth in Sections IVA. and IVB. above, Seller has not made, does not make and disclaims all warranties or representations of any kind or character, express or implied, with respect to the Included Assets or otherwise, and Buyer hereby acknowledges that no such representations or warranties have been made or implied. Buyer further acknowledges and agrees that upon Closing, Seller shall sell and convey to Buyer and Buyer shall accept the Included Assets "AS IS", "WHERE IS", AND "WITH ALL FAULTS", and there are no oral agreements, warranties or representations collateral to or affecting the Included Assets by Seller or any third party. The terms and conditions of this Section IVC. shall expressly survive the Closing and not merge therein.

V  
**REPRESENTATIONS AND WARRANTIES BY BUYER**

Buyer represents and warrants (which representations and warranties shall survive the Closing Date for the periods hereinafter provided) that, as of the Closing Date:

A. **ORGANIZATION AND STANDING OF BUYER; AUTHORIZATION.** Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and has the power to own or lease its properties and to carry on its business as now being conducted. The execution of this Agreement by Buyer and its delivery to Seller has been duly authorized by the unanimous consent of the Board of Directors of Buyer and its Shareholders and no further action on the part of Buyer will be necessary to make this Agreement binding upon Buyer thereof in accordance with its terms

B. **NO RESTRICTION ON CONSUMMATION OF THE PURCHASE.** Buyer is not subject to any mortgage, loan agreement, agreement, instrument or restriction of any kind or character which would prevent purchase by Buyer of the Included Assets for the Purchase Price.

C. **BUYER NOT INSOLVENT.** As of the date hereof, Buyer is not insolvent, nor has Buyer filed, nor does Buyer contemplate filing for protection under the Federal Bankruptcy Law, or under any state receivership or debt protection act, or for any form of debtor relief.

D. **LITIGATION.** There are no actions, suits or proceedings pending or threatened against Buyer, at law or in equity, before any state, federal or other governmental agency, nor is Buyer aware of any facts which to the knowledge of its officers or directors could result in any such action, suit or proceeding.

E. **COMPLIANCE WITH LAW OR OTHER INSTRUMENTS.** Buyer is not in violation of any term or provision of any charter, bylaw, mortgage, indenture, contract, agreement, judgment, order, statute, rule, regulation, and the execution and delivery of and performance and compliance with this Agreement will not result in the violation of or be in conflict with or constitute a default under any such term or provision or result in the creation of any lien, encumbrance or charge upon any of the properties or assets of Buyer.

F. **DISCLOSURE.** No representation or warranty by Buyer in this Agreement contains or will contain any untrue statement of material fact or will omit to state any material fact of which the Buyer has knowledge or notice required to make the statements herein contained untrue.

G. **VALIDITY OF CONTEMPLATED TRANSACTIONS, RESTRICTIONS.** The execution, delivery and performance of this Agreement and all documents involved in the foregoing transaction to which Buyer is to be a party and the consummation of the transactions contemplated hereby or thereby, will not (i) violate any provision of the Articles of Incorporation or By-Laws of Buyer, or any law or any order relating to Buyer, or (ii) result in a default under or require the consent or approval of any party to any contract or license to which Buyer is a party.

H. **NO BROKER.** Buyer has not entered into and will not in the future enter into any contract, arrangement or undertaking with any third party or firm which will result in the obligation of Seller to pay any finder's fee, brokerage, commission or similar payment in connection with the transactions contemplated hereby.

VI  
COVENANTS OF BUYER AND SELLER

A. CONFIDENTIALITY. Buyer and Seller agree that each of them shall not, and will use any and all efforts to ensure that none of its representatives will, (except as contemplated by this Agreement), disclose to or file with any third party, (a) any confidential or non-public information relating to the other parties to this Agreement, except (i) for a disclosure that is required by law or by a governmental authority or is reasonably believed to be so required; (ii) information that is ascertainable or obtained from public or published information; (iii) information disclosed to or filed with any third party necessary to obtaining any requisite consents to the transactions contemplated by this Agreement.

B. EMPLOYEES. Buyer and Seller understand and agree that Buyer shall have an obligation to offer employment to any and all employees or other persons working on behalf of Seller in its Crown Point, Indiana; Oakbrook, Illinois; Gurnee, Illinois and Las Vegas, Nevada stores (which are the subjects of the Leases) on and after the Closing Date on the same or more favorable terms as are existing with such employees and other persons prior to the Closing Date. Buyer and Seller understand that upon the closing of the transactions contemplated by this Agreement, all rights, responsibilities and obligations regarding Seller's employees or others performing work on behalf of Seller in its Crown Point, Indiana; Oakbrook, Illinois; Gurnee, Illinois and Las Vegas, Nevada stores, including without limitation all obligations and duties related to the Employee Payroll Reserve Accounts, shall be transferred to and assumed by Buyer, who shall from that point forward enjoy all benefits and duties with regard to the employment of such employees and other persons. Buyer and Seller further understand and agree that upon the Closing Date, Seller shall relinquish all rights and responsibilities regarding the employment of such employees and other persons, and shall not be held liable for any future actions of Buyer with regard to the employment of such employees or other persons. It is further acknowledged and agreed to by the parties that any of such employees or other persons shall be deemed to have resigned their respective positions with Seller and have been hired by Buyer. Buyer and Seller further understand and agree that Seller shall not (directly or indirectly) recruit or solicit employment of (1) any person who is an employee or other person working solely on behalf of Buyer on the Closing Date, or (2) for the six (6) month period immediately following the Closing Date, any person who was an employee or other person working on behalf of Seller within the six (6) month period immediately preceding the Closing Date.

C. NO USE OF NAME. Buyer and Seller understand and agree that Buyer shall not be entitled to use, and Buyer hereby covenants not to use, the names "Vacation Resort Management, Inc.," "Vacation Resort Management", "VRM" or similar references following the Closing Date. Seller and Buyer covenant and agree that Seller or its representatives shall, from time to time after the Closing Date, and without prior notice to Buyer or Buyer's agents or representatives, have the right during reasonable business hours, to enter upon the premises which are the subject of the Leases being assigned to Buyer in connection with this Agreement, or such other locations as Buyer may hereafter utilize in the operation of Buyer's business, to investigate whether Buyer is complying with the prohibition set forth in this Section VIC.

D. PAYMENTS AND ESCROW.

(1) Prior to or contemporaneously with the Closing Date or within fourteen (14) days thereof, Buyer and Seller shall establish an escrow account with an independent escrow agent upon such terms and conditions as may be determined by the mutual agreement of Seller and Buyer; and Seller and Buyer shall deliver proceeds to such escrow account in accordance with the following: (a) Buyer shall within fourteen (14) days of the Closing Date deliver or cause to be delivered to such escrow account, an amount equal to Two Hundred Thousand and No/100

Dollars (\$200,000.00); and (b) Seller shall deliver or cause to be delivered to such escrow account, an amount equal to One Hundred Twenty-Five Thousand and No/100 Dollars (\$125,000.00) as soon as reasonably practicable in the circumstances, but not later than ninety (90) days from the Closing Date, with the purpose of the proceeds described in each of the foregoing clauses (a) and (b) intended for use in acquiring inventory from third party providers for use in Buyer's business.

(2) Buyer shall pay or caused to be paid to Seller the amount of Five Thousand and No/100 Dollars (\$5,000.00) per week beginning on Friday, October 27, 2006 and continuing on each consecutive Friday thereafter for nineteen (19) weeks. Buyer and Seller covenant and agree that such amounts shall be placed into an interest bearing savings account of Seller for the purpose of establishing a reserve to satisfy any unsatisfied Seller Liabilities assumed by Buyer in connection with the transactions contemplated by this Agreement and any Liabilities of Buyer to Seller hereunder or under any of the agreements, documents and instruments executed in connection herewith, including, without limitation, Buyer's obligations under the Leases, unsatisfied obligations under the Note and Security Agreement, credit card charge-backs, customer service and incentive redemptions. Seller shall provide to Buyer, upon Buyer's written request, which requests shall not exceed more than one (1) request per calendar month, with periodic reports regarding amounts paid from such account. The disbursement of any amounts from such account shall be made in the sole discretion of Seller, and, if any proceeds of such account remain after twelve (12) months from the Closing Date, then such proceeds shall be distributed to Buyer. The obligations of Buyer under this Section VID.(2) shall survive the Closing and the failure of Buyer to make any single payment when due shall be deemed a default hereunder and under the Security Agreement entitling Buyer to, among other remedies, all remedies set forth in the Security Agreement or otherwise.

E. TRANSACTION FEES. Regardless of whether the transactions contemplated by this Agreement are consummated, the parties shall each be responsible for all expenses and fees incurred by each, respectively, in connection with the transaction contemplated hereby, including, without limitation such respective parties' attorneys fees and other costs.

## VII CONDITIONS TO OBLIGATIONS OF SELLER

The obligations of Seller are, at the option of Seller, subject to satisfaction of the following conditions on or before the Closing Date (or in the case of VIIA. below on such date as specified pursuant thereto):

A. ESCROW ESTABLISHMENT. Buyer and Seller shall have established and funded that certain escrow account in accordance with and in the timeframe set forth in Section VID.1, above.

B. REPRESENTATIONS AND WARRANTIES TRUE AT CLOSING DATE. Seller shall not have discovered any error, misstatement or omission in the representations and warranties made by Buyer, and all the terms, covenants and conditions of this Agreement to be complied with and performed by Buyer at or before the Closing Date shall have been complied with and performed in all material respects.

C. ADP CONTRACT. Buyer shall have assumed all of Seller's obligations under the ADP Contract and ADP shall have evidenced to the satisfaction of Seller its termination and release of any and all claims to any security interest in any and all assets of Seller, including, without limitation, any and all



Uniform Commercial Code ("UCC") security interests and shall have terminated any and all UCC Financing Statements or other security instruments filed by it in respect of Seller or Seller's assets; and Buyer and ADP shall have executed and delivered that certain Assignment, Assumption and Consent Agreement regarding the ADP Contract, in the form attached hereto as Exhibit "L" and made a part hereof by this reference.

D. INSURANCE. Buyer shall have obtained the required key man life insurance as specified in this Agreement, and the Security Agreement and shall present certificates to Seller evidencing any and all insurance policies.

E. DELIVERIES. All of the required Closing deliveries set forth in Section IIIB. above shall have occurred prior to or contemporaneously with Closing.

F. DANNY GOLD RELEASE. Prior to Closing, Danny Gold shall execute and deliver to Seller a General Release in the form attached hereto as Exhibit "P" and made a part hereof by this reference.

#### VIII

#### SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND INDEMNIFICATION

A. SURVIVAL. All representations, warranties, agreements and covenants made or undertaken by the parties in this Agreement or the agreements supplemental hereto are material, have been relied upon by the other parties hereto, shall survive the Closing hereunder until the expiration of the applicable statute of limitations and shall not merge in the performance of any obligation by any party hereto provided

B. INDEMNIFICATION FOR SELLERS BENEFIT. Buyer agrees to indemnify, defend and hold Seller harmless for each Loss incurred or suffered (i) as a result of a breach of a representation, warranty, covenant or agreement of Buyer set forth in this Agreement or (ii) by reason of any Loss relating to the ownership of the Included Assets occurring on or after the Closing Date. For purposes of this Agreement, "Loss" means any liability, loss, cost, damage or expense, including reasonable attorney's fees related to any Third Party Claim (as defined below). Notwithstanding the foregoing, Buyer shall not be required to indemnify Seller pursuant to the foregoing unless Seller (the "Indemnified Party") gives notice to Buyer (the "Indemnifying Party") of facts which it in good faith thinks constitutes a reasonable basis for indemnification pursuant to this paragraph on a date no later than two (2) years after the Closing Date.

C. RIGHT TO CONTEST. In addition to the deadline set forth in Section VIIIB. above for giving notice of facts constituting a basis for indemnification, the Indemnified Party shall notify the Indemnifying Party with reasonable promptness under the circumstances of the facts constituting a basis for indemnification. If such claim is based upon a claim by a person or entity not a party to this Agreement ("Third Party Claim"), then the Indemnifying Party shall have, at its election and with counsel chosen and paid by it, the right to compromise or defend any such matter. Such notice and opportunity shall be conditions precedent to any liability of the Indemnifying Party under this Article. The Indemnifying Party may not settle a Third Party Claim or any related action without the consent of the Indemnified Party. The Indemnified Party shall have the right, at the expense of the Indemnifying Party, to attend, and if it so determines, participate in such proceedings involving Third Party Claims.

IX  
**ASSIGNABILITY, GOVERNING LAW AND AMENDMENT**

Except as otherwise indicated herein, this Agreement shall not be assignable by any of the parties hereto without the express written consent of the other party. This Agreement shall be construed in accordance with the laws of the State of Illinois and cannot be altered or otherwise amended, except pursuant to an instrument in writing signed by each of the parties hereto.

X  
**MISCELLANEOUS**

A. **NOTICES.** Any notice, request, instruction or other document to be given hereunder by any party to the other shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, or by generally recognized prepaid overnight air courier service:

<i>To Buyer</i>	<i>To Seller</i>
Harbor Management of Colorado, LLC 11326 Patores Street, Las Vegas, Nevada 89141 Attn: David Haddad  David Haddad 11326 Patores Street, Las Vegas, Nevada 89141  Lisa Jantelezio 11326 Patores Street, Las Vegas, Nevada 89141	Attn: Madeline Allerton, President Vacation Resort Management, Inc. 222 East State Street Batavia, Illinois 60510
<i>with a copy to:</i> Walter T. Kosch Attorney at Law Oakbrook Terrace, Illinois 60181	<i>with a copy to:</i> Weinstock & Scavo, P.C. 3405 Piedmont Road N.E. Suite 300 Atlanta, Georgia 30305 Attn: Mark I. Sanders, Esq.

B. **ENTIRE AGREEMENT.** This Agreement and the exhibits attached hereto and the documents executed and delivered by the parties in connection with this Agreement constitute the entire agreement between the parties relating to the subject matter hereof and thereof and supersede all prior oral and written, and all contemporaneous oral negotiations, discussions, writings and agreements relating to the subject matter of this Agreement.

C. **MODIFICATIONS, AMENDMENTS AND WAIVERS.**

(1) The parties hereto may, by mutual written agreement and in no other manner make any other modifications of this Agreement approved by each of the parties hereto.

(2) The failure or delay of any party at any time or times to require performance of any provision of this Agreement shall in no manner affect its right to enforce that provision. No single or partial waiver by any party of any condition of this Agreement, or the breach of any term,

agreement or covenant or the inaccuracy of any representation or warranty of this Agreement, whether by conduct or otherwise, in any one or more instances shall be construed or deemed to be a further or continuing waiver of any such condition, breach or inaccuracy or a waiver of any other condition, breach or inaccuracy.

D. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties hereto, and their respective estates, successors, legal or personal representatives, heirs, and permitted assigns, but no assignment shall relieve any party of the obligations hereunder.

E. GOVERNING LAW. This Agreement shall be governed, without regard to the residence of the parties or the location of the subject matter pertinent thereto, by the laws of the State of Illinois.

F. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

G. TITLES. The titles appearing at the beginning of any section or subsection hereof shall not be deemed to be part of this Agreement and shall have no independent significance.

H. PRONOUNS. All pronouns used herein shall be deemed to refer to the masculine, feminine or neuter gender as the context requires.

I. SEVERABILITY. Should any one or more of the provisions of this Agreement be determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. To the extent such determination is reasonably likely to give rise to a material adverse change, the parties shall endeavor in good faith to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as practicable to that of the invalid, illegal or unenforceable provisions.

J. REMEDIES NOT EXCLUSIVE. No remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy available to the parties, whether at law or in equity, including, without limitation, the right of any party to enforce the performance of this Agreement or any other agreement or document executed or delivered pursuant to this Agreement.

K. JURISDICTION; CONSENT TO SERVICE OF PROCESS.

(1) Each of the parties hereby irrevocably and unconditionally submits, for itself and its property, to the jurisdiction of the state courts of Chicago, Illinois or the United States District Court for the Northern District of Illinois, and any appellate court thereof, in any litigation arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all litigation may be heard and determined in such state court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such litigation shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto agrees that it will not institute or seek to institute any litigation arising out of or relating to this Agreement (other than an litigation seeking enforcement of a judgment) in any forum other than a state court of Chicago, Illinois or the United States District Court for the Northern District of Illinois.

(2) Each of the parties hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection it may now or hereafter have to the laying of venue of any litigation arising out of or relating to this Agreement in the state Court located in Chicago, Illinois or the United States District Court for the Northern District of Illinois. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such litigation in any such court.

M. INTERPRETATIONS. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Buyer or Seller whether under any rule of construction or otherwise. No party to this Agreement shall be considered the draftsman. On the contrary, this Agreement has been reviewed, negotiated and accepted by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as fairly to accomplish the purposes and intentions of all parties hereto.

N. FURTHER ASSURANCES. At any time and from time to time after the Closing, Buyer shall, at the request of Seller, take any and all actions reasonably necessary to fulfill Buyer's obligations under this Agreement (including by way of example and not limitation Buyer taking such actions as may be requested, from time to time, by Seller to demonstrate to Seller that Buyer is satisfying each and all of the Liabilities of the Seller assumed hereby by the Buyer), or to otherwise effectuate or consummate any of the transactions contemplated hereby. In addition, Buyer, at Buyer's sole cost and expense, shall prepare and send a notice to all purchasers under Consumer Purchase Contracts assigned to and assumed by Buyer of such sale and assignment and in accordance with the provisions of any and all applicable laws and in any event not later than thirty (30) days from the Closing Date.

O. Notwithstanding anything in this Agreement or otherwise to the contrary, including, without limitation, the assignment and assumption of the ADP Contract and Seller's accounts receivable as described in this Agreement, the parties to this Agreement hereby acknowledge and agree that the proceeds of any sales to ADP pursuant to the ADP Contract which may occur on each of October 13, 2006, October 20, 2006 and October 27, 2006 shall be distributed on each such day such that the Seller receives such amounts as are necessary to satisfy its payroll liabilities for the corresponding periods of time and such that the Buyer receives the balance for purposes of satisfying Buyer's sales and marketing costs.

[Signatures appear on next page.]

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement by and through their authorized officers or agents as of the date and year first set forth above.

**BUYER:**

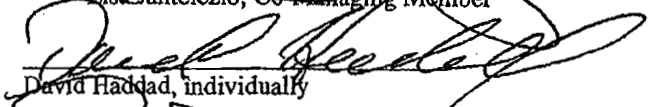
Harbor Management of Colorado, LLC,  
a Colorado limited liability company

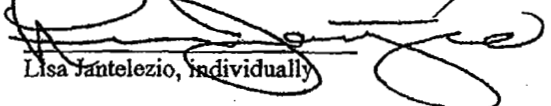
By: 

David Haddad, Co-Managing Member

By: 

Lisa Jantelezio, Co-Managing Member

  
David Haddad, individually

  
Lisa Jantelezio, individually

**SELLER:**

Vacation Resort Management, Inc.,  
a Nevada corporation

By: \_\_\_\_\_

Madeline Allerton, President

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement by and through their authorized officers or agents as of the date and year first set forth above.

**BUYER:**

Harbor Management of Colorado, LLC,  
a Colorado limited liability company

By: \_\_\_\_\_  
David Haddad, Co-Managing Member

By: \_\_\_\_\_  
Lisa Jantelezio, Co-Managing Member

\_\_\_\_\_  
David Haddad, individually

\_\_\_\_\_  
Lisa Jantelezio, individually

**SELLER:**

Vacation Resort Management, Inc.,  
a Nevada corporation

By: Madeline Allerton  
Madeline Allerton, President



## PURCHASE AGREEMENT

THIS AGREEMENT is made and entered into this 18th day of October, 2006 by and between Harbor Management of Colorado LLC, a Colorado Limited Liability Company and Harbor Management, Inc., an Illinois Corporation, both having their offices located at 3101 Spring Mountain Rd, Unit 3, Las Vegas, NV 89102 (hereinafter collectively referred to as "Seller") and Alternative Debt Portfolios, L.P., a Delaware Limited Partnership having offices at 790 Ida Court Incline Village, NV 89451 (hereinafter referred to as "Company");

That for and in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, it is agreed as follows:

1. The Seller may sell to, or have the Company bill or advance on, hereinafter referred to as "Assign" certain Contracts, Conditional Sales Contracts, Security Agreements, Invoices, Accounts Receivables, Leases or other obligations hereinafter referred to as "Contracts" arising out of the sale of merchandise or services sold or delivered by the Seller. The Company reserves the right to make an investigation of all Contracts submitted and the Company may, at its sole discretion, reject any such Contracts submitted by the Seller; notwithstanding Seller grants Company an exclusive right to the purchase or service of all Contracts.
2. For each Contract purchased by, or assigned to, the Company, the Company shall be due all payments from Contract Obligor. The Company shall determine the amount of advance required to purchase each Contract and a separate addendum shall specify the purchase price due to the Seller.
3. Contracts sold or assigned to the Company by the Seller shall become the sole property of the Company and the Seller waives all rights to said Contracts. Funds delivered by the company shall constitute payment in full for the Seller's interest in Contracts sold or assigned. The Seller waives any claims of consequential and/or punitive damages.
4. The Seller understands and acknowledges that any and all representations and warranties he makes is material to the Company's purchase of each Contract. If any representation or warranty made to the Company or to the Seller's customer in connection with a Contract is in the conclusive opinion of the Company, breached or untrue, the Seller shall unconditionally guarantee payment of the discounted amount remaining unpaid and shall, upon demand by the Company, repurchase within ten days such Contract in cash for the full amount then unpaid, whether or not the Contract obligor is in default under the Contract, and shall indemnify, defend and hold harmless from and against any and all liabilities, losses, costs, judgments, fines and expenses, including attorney fees, that may be incurred by the Company at any time in connection with or as a result of such breach or misrepresentation. The Seller understands and agrees that the Company may obtain repayment for any Contract required to be purchased by the Seller under this provision by right of set-off, and the Seller hereby grants to the Company the right to obtain such repayment by offsetting the repayment of such Contract by the Seller, the Company shall return the Contract to the Seller.
5. In addition to any rights and remedies of the Company provided by law, the Company shall have the further right, under the conditions stated below, to set-off and make application against the Seller's cash advances, or any other monetary obligation owing by the Company to the Seller. Such right of set-off shall be exercised by the Company without prior written or oral notice, and any such notice is hereby expressly waived by the Seller to the extent permitted by applicable law. The Company's right of set-off shall be effective upon the occurrence of any event of charge back or other loss provided that such event is documented by the Company. The Company may exercise its right of set-off in its sole discretion either at the time of the occurrence of any such event or loss, or at any time thereafter, and such right of set-off may be exercised by the Company against the Seller or any successor or assignee. The Company agrees to promptly notify the Seller after any set-off or applications made provided that the failure to give such notice shall not affect the validity of such set-off or application.
6. The Seller shall instruct all obligors on Contracts sold by the Seller to the Company that all payments on such Contracts shall be made to the Company.
7. The Seller shall comply fully with all requirements of Federal Truth-in Lending laws, state statutes and usury laws, any regulatory parameters by any state or local authority and any other regulations and shall save the Company harmless from any and all claims and expenses arising out of the Seller's failure to do so, including but not limited to all attorneys' fees and litigation costs incurred by the Company. If any law, statute or regulation changes, is amended, or enacted that would change the eligibility or enforcement of contracts purchased from Seller, Seller shall promptly notify Company in writing and not submit such contracts for purchase to Company.
8. The Seller warrants to the Company that if the retail transaction or negotiations related to the retail transaction were conducted in a language other than English, Seller gave each buyer prior to entering into the contract or any written agreement an unexecuted copy of the contract or other written agreement written in such foreign language.
9. The Seller warrants to the Company that all Contracts sold to the Company are free from any defenses on the part of all Contract obligors and the Seller shall save the Company harmless of and from all expenses (including but not limited to attorneys' fees and litigation costs incurred by the Company) arising out of all claims or defenses interposed by any Contract obligor whether by suit, defense, counterclaim or otherwise.
10. The Seller hereby assigns and sets over to the Company all of its right, title, and interest in and to any and all Contracts which are accepted by the Company for financing.





## PURCHASE AGREEMENT

11. Each account purchased by the Company from Seller is or has been or shall be assigned to Company by Seller. Seller hereby grants to Company, the authority and right to endorse on Seller's behalf any documents necessary to effectuate such assignment.

12. Representations and Warranties. The Seller represents and warrants that all Contracts sold by it to the Company are free from any liens or encumbrances and that the Seller is authorized to assign the Contracts to the Company. The Seller hereby provides the Company an absolute guaranty of such representations and warranties.

13. Security Interest: As security for the prompt and complete payment and performance of the "Recourse Obligation" as set forth in the Purchase Addendum and any revisions thereto, Seller hereby grants to Company a continuing security interest in Seller's right, title or interest in the "Collateral," as set forth below:

a. The term Collateral means all personal property, wherever located, in which Seller now has or later acquires any right, title or interest, including any and all: accounts; accounts receivable (including but not limited to membership payment obligations); chattel paper (including tangible chattel paper and electronic chattel paper); consumer purchase contracts; retail installment contracts, promissory notes, goods (including equipment, inventory and fixtures); time share inventory properties and any title or deed instruments thereto, instruments (including promissory notes); investment property; documents; deposit accounts; letter-of-credit rights; general intangibles (including payment intangibles and software); supporting obligations; and other assets, and to the extent not listed above as original Collateral, proceeds and products of, and accessions to, each of the above assets.

b. Without limiting the generality of the foregoing, the term Collateral includes any and all "Account Assets" conveyed to Seller under the Asset Purchase and Sale Agreement, dated October 13, 2008 between Seller, David Haddad, Lisa Janielezio and Vacation Resort Management, Inc. as defined in Exhibit "D" attached thereto.

c. Upon request by Company, Seller will execute and deliver a Uniform Commercial Code Form UCC-1 Financing Statement from time to time covering all Collateral.

14. The Seller is an independent Contractor and therefore is solely responsible for any and all taxes due in the course of its business including but not limited to federal, state and local income taxes, intangibles taxes and sales taxes.

15. Either party may terminate this agreement at any time with or without notice. The expiration of this Agreement or earlier termination thereof shall not in any way affect this Agreement which shall continue in full force and effect with respect to those Contracts purchased by the Company from the Seller prior to the expiration or termination of this Agreement and which shall remain in full force and effect with respect to the obligations of the Seller and the Company with respect to all such Contracts.

16. This Agreement constitutes the entire agreement between the parties and there are no other agreements between the parties except as expressly contained herein. This Agreement may be amended only by a writing signed by both parties hereto. This Agreement supersedes and invalidates any prior agreement between the parties.

17. The Seller appoints the Company its attorney-in-fact with power of attorney to endorse the Seller's name on all Contracts, checks or other instruments received in payment of said Contracts and to receive, open and dispose of any mail addressed to the Seller and to do all things Seller might do in connection with the collection or enforcement of payment of all Contracts sold or assigned to the Company.

18. In the event any administrative agency or court of competent jurisdiction should find a paragraph of this Agreement to be unenforceable, illegal or void, then such paragraph shall be deleted from the Agreement. The remaining paragraphs of this Agreement, however, shall remain in full force and effect and shall not be nullified or voided in any way by the deletion of such paragraph.

19. The failure of either party at any time to exercise any of its rights under this Agreement shall not be deemed waiver of such rights, nor shall such failure in any way prevent such party from subsequently asserting or exercising such rights.

20. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Nevada. The Seller to the extent provided by law, waives his right to a jury trial in any matter arising out of this Agreement and this waiver is absolute and unconditional. The Company and the Seller agree that the venue of any litigation arising out of any dispute concerning this Agreement shall be in the courts of Washoe County, NV and no litigation shall be commenced in any other court in Nevada or elsewhere without the consent of both parties. In the event of any litigation regarding this Agreement the prevailing party shall be entitled to an award of its reasonable attorney's fees and cost of litigation.

21. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs and assigns.

## PURCHASE AGREEMENT

22. For the purpose of notification, the respective parties shall be sent by first class mail or in person, addressed to the Company or to the Seller at their respective office addresses as set forth below, and to such other person or place as may from time to time be designated in writing.

23. The parties may amend this Agreement only in writing signed by both parties.

24. Indemnification: Seller hereby agrees to indemnify, defend and hold Company and its officers, members, employees, successors and assigns harmless for any liability, loss, cost damage or expense, including attorney's fees and costs incurred or suffered (i) as a result of Seller's breach of any representation, warranty, covenant or agreement set forth in this Agreement or (ii) as a result of Seller's breach of any representation, warranty, covenant or agreement set forth in the Asset Purchase and Sale Agreement, dated October 13, 2008, among Seller, David Haddad, Lisa Jantolezio, and Vacation Resort Management, Inc.

**SELLER:** Harbor Management of Colorado LLC, a Colorado Limited Liability Company and Harbor Management, Inc., an Illinois Corporation, both having their offices located at 3101 Spring Mountain Rd, Unit 3, Las Vegas, NV 89102

Signature: David Haddad

Print Name: David Haddad Title: PRES.

Date: 10/17/08

**COMPANY:** Alternative Debt Portfolios, L.P. 790 Ida Court, Incline Village, NV 89451

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Purchase Addendum**  
*Harbor Management of Colorado LLC, and Harbor Management, Inc.*

Pursuant to the Purchase Agreement by and between Alternative Debt Portfolios, L.P. "COMPANY" and Harbor Management of Colorado LLC, a Colorado Limited Liability Company and Harbor Management, Inc., an Illinois Corporation, both having their offices located at 3101 Spring Mountain Rd, Unit 3, Las Vegas, NV 89102 (hereinafter collectively referred to as "Seller"), dated the 18th day of October, 2006, the parties hereby agree to the following terms and conditions:

**Purchase Price and Terms:**

- Amount Financed: Up to \$8000.
- Maximum Contract term of Sixty (60) months.
- The purchase price for contracts will be as follows for the following credit tiers:
  - (A Credit) Ninety Percent (90%) of the principal loan balance.
  - (B Credit) Eighty Percent (80%) of the principal loan balance.
  - (C Credit) Seventy Percent (70%) of the principal loan balance.
  - (Serviced Contracts) Contracts which are declined for purchase will be serviced (payment processing, collections, and reports) on behalf of the Seller for a fee of 6% of the monthly payment plus 3% credit card interchange for any credit card debits payable to Alternative Debt Portfolios, LLC.
- The Annual Percentage Rate of Contracts will be 17.8%. Seller may buy down the interest rate for contracts with terms of 30 months or less. For each percentage point less than 17.8%, Seller will be assessed an additional discount to principal of One Percent (1%).
- Same as Cash Provision—If the debtor's entire principal balance is paid in full by their 11<sup>th</sup> payment for the B and C credit tiers, and the 5<sup>th</sup> payment for the A credit tier, the debtor's interest will be forgiven.

**Requirements:**

- Seller's credit application and Contract may be used. Other finance company Contracts may be used if reviewed by COMPANY. The review of applications and financing agreements by COMPANY does not attest to compliance with Federal, State, Municipal laws, statutes or ordinances.
- Applicant(s) must have telephone at residence.
- Credit application must be completed in full including two personal references, preferably relatives, not living in the same household with address and phone numbers.
- Applicant(s) must be gainfully employed; otherwise they must provide an employed co-applicant.
- Applicant(s) must have an active checking or savings account with authorization to process monthly payments through.
- All other requirements stipulated at the time of approval must also be provided prior to funding.

**Verification (Final Approval Prior To Funding):**

COMPANY must receive:

- Completed original financing agreement signed by applicant(s).
- Original completed credit application signed by applicant(s).
- Credit report on applicant.
- Verification of delivery of product/service and customer understanding of terms by COMPANY.

**Funding:**

- The purchase price amount will be remitted to Seller upon receipt of paperwork and completion of COMPANY's verification of all terms and conditions required as a condition to approval.
- Funds will be remitted by regular mail at no additional cost. Seller can arrange to have checks countersigned or funds wired for a service charge.
- Seller is subject to a one-time documentation fee of \$9.95 per contract purchased, payable to Alternative Debt Portfolios, LLC.

**Repayment:**

- Seller agrees to re-purchase, within ten days, any contract that is found to be fraudulent, where the customer did not receive the proper merchandise or services, where there was an oral contract or agreement, where merchandise was not properly serviced, where the contract was found to be unenforceable, unassignable, or invalid due to state or federal compliance laws.
- Seller also agrees to repurchase or replace any Contract which becomes delinquent by more than 30 days on:
  - o (A Credit) Any of the first three (3) payments, plus contracts with delinquency exceeding 3% of balances purchased
  - o (B Credit) Any of the first six (6) payments, plus contracts with delinquency exceeding 6% of balances purchased
  - o (C Credit) Any payment due to COMPANY.
- Seller is subject to a \$9.95 fee for all cancelled, replaced or repurchased Contracts.
- Seller agrees to repurchase all non-recourse contracts at a price of \$1000 each after Company has pursued collections options.

**Client Origination Fee:**

- Seller will pay an annually renewing maintenance fee of \$150 which COMPANY will deduct from SELLER'S funding payout when due.

Seller hereby agrees and accepts the above terms and conditions.

Seller: Harbor Management of Colorado LLC, and Harbor Management, Inc., 3101 Spring Mountain Rd, Unit 3, Las Vegas, NV 89102

Signature: [Signature] Date: 10/17/06

Print Name: DAVID HADDAD Title: Pres.

Company: Alternative Debt Portfolios, L.P., 790 Ida Court Incline Village, NV 89451

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: Eric J Gangloff Title: Managing Director



## PERSONAL GUARANTY

This personal guaranty ("Guaranty") is entered into by and among David Haddad and Lisa Jantelezlo (the "Guarantors") as a material inducement to and in consideration for Alternative Debt Portfolios, L.P., a Delaware Limited Partnership (the "Company"), entering into a Purchase Agreement dated 10-18-2006, 2006 (the "Agreement") with Harbor Management, Inc., an Illinois corporation and Harbor Management of Colorado LLC, a Colorado limited liability company (collectively the "Client"). The Guarantors unconditionally guarantee and promise to and for the benefit of the Company that the Client will perform faithfully and completely all of the provisions, obligations, and duties that the Client has agreed to perform under the Agreement and/or any other obligations undertaken or to be undertaken by the Client in favor of the Company, the Company's parent, subsidiary, or affiliated corporation, corporations, individuals or other entities.

If Guarantor is more than one person, Guarantor's obligations are joint and several. A separate action may be brought or prosecuted against any Guarantor whether or not the action is brought or prosecuted against any other Guarantor or against the Client.

Guarantors waive the benefit of any statute of limitations or other provision of law that in any way affects or limits Guarantors' liability under this Guaranty.

Guarantors waive the right to require the Company to proceed against the Client before proceeding against the Guarantors, to proceed against or exhaust any security that the Company holds from the Client, Guarantors, or any other source, and/or to pursue any other remedy available to the Company prior to proceeding against the Guarantors, the Client, or either. In any action brought by Company against a Guarantor under this Guaranty, no Guarantor shall be entitled to, and shall not, plead as a defense that Client is not legally or equitably insolvent or is dissolved or liquidated, and each Guarantor covenants and agrees to pay to the Company all costs and expenses (including attorney's fees) incurred by Company in any such action.

The undersigned hereby expressly waives (a) notice of acceptance of this guaranty by Company, (b) notice of any default or non-performance of the Agreement, (c) notice of any modification to the Agreement or any extension of time granted to Client and (d) all defenses, offsets and counterclaims which the undersigned may at any time have to any claim against the Company. The undersigned expressly acknowledges that amendment or modification of the Agreement or any renewal or extension thereof shall not in any manner release, affect, or impair liability under this guaranty.

This Guaranty shall be interpreted, construed, and enforced in accordance with the laws of the State of Nevada. The Guarantors to the extent provided by law, waive their right to a jury trial in any matter arising out of this Guaranty and this waiver is absolute and unconditional. The Client and the Guarantors agree that the venue of any litigation arising out of any dispute concerning this Guaranty shall be in the courts of Washoe County, NV and no litigation shall be commenced in any other court in Nevada or elsewhere without the consent of both parties.

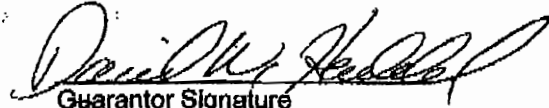
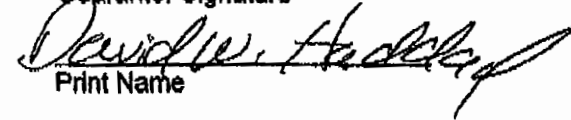


This Guaranty shall not be affected nor the obligations of the Guarantors hereunder limited in any way by the Company's delay in enforcement or failure to enforce any of its rights under the Agreement or under this Guaranty.

This Guaranty shall bind each Guarantor below and each Guarantor's respective successors and assigns, and shall inure to the benefit of Company and Company's successors and assigns. This guaranty shall remain in full force and effect until the termination of the Agreement; provided, however, that the undersigned shall not be released from his or her obligations hereunder so long as any claim of Company against Client which arises out of, or relates to, directly, or indirectly, the Agreement, is not settled to the satisfaction of Company or discharged in full.

IN WITNESS WHEREOF, this Guaranty has been duly executed by the Guarantor(s) on \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_\_.

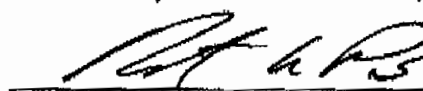
IN WITNESS WHEREOF, signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

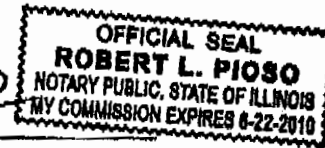
  
Guarantor Signature  
  
Print Name

STATE OF: Illinois  
COUNTY OF: COOK

On this 19<sup>th</sup> day of October, in the year 2006, before me, the undersigned a Notary Public in and for the State of Illinois, personally appeared \_\_\_\_\_, personally known to me (or proven to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his/her signature on the instrument the person, or entity upon behalf of which person acted, executed the instrument,

WITNESS my hand and official seal,

  
Notary Public





**PERSONAL GUARANTY**

This personal guaranty ("Guaranty") is entered into by and among David Haddad and Lisa Jantelezio (the "Guarantors") as a material inducement to and in consideration for Alternative Debt Portfolios, L.P., a Delaware Limited Partnership (the "Company"), entering into a Purchase Agreement dated 10-28-06, 2006 (the "Agreement") with Harbor Management, Inc., an Illinois corporation and Harbor Management of Colorado LLC, a Colorado limited liability company (collectively the "Client"). The Guarantors unconditionally guarantee and promise to and for the benefit of the Company that the Client will perform faithfully and completely all of the provisions, obligations, and duties that the Client has agreed to perform under the Agreement and/or any other obligations undertaken or to be undertaken by the Client in favor of the Company, the Company's parent, subsidiary, or affiliated corporation, corporations, individuals or other entities.

If Guarantor is more than one person, Guarantor's obligations are joint and several. A separate action may be brought or prosecuted against any Guarantor whether or not the action is brought or prosecuted against any other Guarantor or against the Client.

Guarantors waive the benefit of any statute of limitations or other provision of law that in any way affects or limits Guarantors' liability under this Guaranty.

Guarantors waive the right to require the Company to proceed against the Client before proceeding against the Guarantors, to proceed against or exhaust any security that the Company holds from the Client, Guarantors, or any other source, and/or to pursue any other remedy available to the Company prior to proceeding against the Guarantors, the Client, or either. In any action brought by Company against a Guarantor under this Guaranty, no Guarantor shall be entitled to, and shall not, plead as a defense that Client is not legally or equitably insolvent or is dissolved or liquidated, and each Guarantor covenants and agrees to pay to the Company all costs and expenses (including attorney's fees) incurred by Company in any such action.

The undersigned hereby expressly waives (a) notice of acceptance of this guaranty by Company, (b) notice of any default or non-performance of the Agreement, (c) notice of any modification to the Agreement or any extension of time granted to Client and (d) all defenses, offsets and counterclaims which the undersigned may at any time have to any claim against the Company. The undersigned expressly acknowledges that amendment or modification of the Agreement or any renewal or extension thereof shall not in any manner release, affect, or impair liability under this guaranty.

This Guaranty shall be interpreted, construed, and enforced in accordance with the laws of the State of Nevada. The Guarantors to the extent provided by law, waive their right to a jury trial in any matter arising out of this Guaranty and this waiver is absolute and unconditional. The Client and the Guarantors agree that the venue of any litigation arising out of any dispute concerning this Guaranty shall be in the courts of Washoe County, NV and no litigation shall be commenced in any other court in Nevada or elsewhere without the consent of both parties.



This Guaranty shall not be affected nor the obligations of the Guarantors hereunder limited in any way by the Company's delay in enforcement or failure to enforce any of its rights under the Agreement or under this Guaranty.

This Guaranty shall bind each Guarantor below and each Guarantor's respective successors and assigns, and shall inure to the benefit of Company and Company's successors and assigns. This guaranty shall remain in full force and effect until the termination of the Agreement; provided, however, that the undersigned shall not be released from his or her obligations hereunder so long as any claim of Company against Client which arises out of, or relates to, directly, or indirectly, the Agreement, is not settled to the satisfaction of Company or discharged in full.

IN WITNESS WHEREOF, this Guaranty has been duly executed by the Guarantor(s) on 20 day of October, 2006.

IN WITNESS HEREOF, signed this 20 day of October, 2006

Signature of Guarantor

Lisa Janteliezio  
Guarantor Signature

Lisa Janteliezio  
Print Name

STATE OF: Illinois  
COUNTY OF: Cook

On this 20<sup>th</sup> day of October, in the year 2006, before me, the undersigned a Notary Public in and for the State of Illinois, personally appeared \_\_\_\_\_, personally known to me (or proven to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his/her signature on the instrument the person, or entity upon behalf of which person acted, executed the instrument.

WITNESS my hand and official seal,

[Signature]

Notary Public





**SERVICING AGREEMENT**

Sonnenschein Financial Services, Inc. ("SFS")

and

ALTERNATIVE DEBT PORTFOLIOS, L.P., a Delaware Limited Partnership

THIS AGREEMENT is entered into and/or effective this 23<sup>rd</sup> day of JANUARY, 2007, by and between Sonnenschein Financial Services, Inc. an Indiana corporation, ("SFS") and ALTERNATIVE DEBT PORTFOLIOS, L.P., A Delaware Limited Partnership ("ADP");

**RECITALS**

WHEREAS, SFS is, in part, in the business of servicing accounts receivable financing documents, money notes, and other like documents; and

WHEREAS, the parties have agreed that SFS shall service the contracts purchased by ADP, and the contracts authorized by ADP for servicing for Harbor Management of Colorado, LLC and used as recourse collateral, and placed for Servicing by ADP; and

NOW THEREFORE IN CONSIDERATION OF THE COVENANTS HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. **Definitions.** the following terms shall have the meaning hereinafter set forth:

- a) "Contract Assignment and Sales Agreement" shall mean the agreement between SFS and ADP wherein SFS and ADP agreed that SFS would service certain contracts or negotiable instruments on behalf of ADP;
- b) "Contract Obligor" shall mean the person(s) or entity (ies) obligated to make payments under any Serviced Contracts.
- c) "Delinquent Contract" shall mean any Serviced Contract under which monies are owed to ADP with respect to the sale of goods or services for a period in excess of thirty days.
- d) "Dues" shall mean any monies paid to ADP by a member on a monthly, quarterly, semi-annual or annual basis in order to retain membership privileges.
- e) "Serviced Contract" shall mean any contract for which payments are being collected, monitored or otherwise serviced by SFS.

2. **Servicing.** ADP hereby retains and appoints SFS to service the Serviced Contracts, including but not limited to those set forth in Exhibit A, including the periodic billing and collection of all amounts due under the Serviced Contracts (including but not limited to principal, interest, dues, late fees and attorney's fees), the collection of monies due under Delinquent Contracts or other Serviced Contracts and the payment to SFS under this Agreement from the payments made under the Serviced Contracts.

3. **Assignment.** SFS may not assign billing duties hereunder to a third party.



4. **Term.** This Agreement shall remain in effect for a period of twelve (12) months and shall be renewed in twelve (12) month intervals unless cancelled in writing by either party. Cancellation must be given in writing with ninety (90) days notice to terminate.
5. **Fees Payable To SFS.** See Exhibit B, executed separately.
6. **Duties of ADP.** Throughout the term at this agreement ADP shall:
  - a) Pay SFS the fees due hereunder, as set forth in SFS monthly invoice, within ten (10) days of forwarding the invoice (all invoices shall deduct any sums withheld by SFS from amounts collected under the Serviced Contract).
  - b) Pay SFS a late charge of five percent (5%) of the billing amount not paid for the fees set forth herein after ten (30) days of SFS forwarding the invoice.
  - c) Comply with any expressed or implied duty otherwise set forth in this Agreement.
  - d) Obtain a bank Lock Box expressly controlled and paid for, including all fees, by ADP for the express purpose of the disposing of all payments made by contract obligors.
7. **Limitation of ADP Rights.** ADP shall have NO right to:
  - a) During the term of this Agreement, collect on or service any contract assigned to SFS for servicing.
8. **Authority granted to SFS.** ADP hereby grants to SFS the authority to:
  - a. Act as its exclusive agent with respect to the cash receipts and processing of each Serviced Account.
  - b. Be its true and lawful attorney-in-fact with full right, title and authority to endorse and negotiate any check, bank draft, money order or other negotiable instrument payable to ADP in respect to any Serviced Contract in ADP's name, place and stead.
  - c. Initiate payment collection to be made to a depository bank designated by ADP via pre-authorized electronic debit.
  - d. Cause all payments to be deposited to one or more depository accounts held for the benefit of ADP.
  - e. Upon receipt by a Lockbox Bank, post to the records of the assigned account all amounts of any kind received on that account in accordance with any Lockbox Agreement.
  - f. To withhold from collections on Serviced Contracts the service fees and amounts due hereunder.

**9. Duties of SFS.** Throughout the term of this agreement, SFS or its assignee shall to the best of its skill and ability:

- a) Use its own funds, tools, supplies, and equipment in the performance of its services hereunder.

- b) Upon receipt from ADP of any Serviced Contract to be serviced by SFS, send a written notice, billing statement or coupon book to the Contract Obligors under the Serviced Contract setting forth payment instructions.
- c) Post and deposit all payments or like monies received on ADP' accounts within and maintain transaction history on all Serviced Contracts.
- d) Maintain its records as they relate to the Serviced Contracts in accordance with generally accepted accounting principals and upon the ADP's written request, give access thereto.
- e) Mail written delinquent notices to the Contract Obligors of the Serviced Contracts as is reasonable where payment or other obligation becomes delinquent for more than 10 days. Attempt daily contacts through a predictive dialer to effectuate collection of amounts due.
- f) Notify ADP of any Serviced Contract that is delinquent and provide periodic Aging Reports.
- g) Provide ADP with a monthly accounting with respect to each and every Serviced Contract submitted to it hereunder.
- h) Provide ADP with a monthly invoice for all fees due after deducting any payments withheld by SFS for fees from payments under the Serviced Contracts.

**10. Delinquency Collections.** SFS will provide collection services for accounts that become over ten (10) days delinquent in accordance with the following:

- a) SFS shall send notifications to delinquent Contract Obligors and initiate telephonic and written collection efforts as described above.
- b) At the conclusion of Ninety (90) Days from the point of delinquency, SFS shall move the account to "collections" as provided in the collections agreement.

**11. Attorney's Fees.** In the event of any dispute under this Agreement, the prevailing party shall receive an award of reasonable attorney's fees and costs and in the event of a default in this agreement, the defaulting party shall pay the non-defaulting party its attorney's fees and costs, whether or not suit is actually filed.

**12. Entire Agreement.** This Agreement constitutes the entire Agreement between the parties with respect to the subject matter herein. All prior contemporaneous agreements, understandings, representations, warranties and statements, oral or written, relating to the subject matter hereof are superseded. No modification to or amendment to this Agreement shall be binding unless in writing and executed by both parties.

**14. Governing Law; Venue.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Nevada. Venue in any action brought with respect to any provision of this Agreement shall be in Washoe County, Nevada and ADP specifically consents to the jurisdiction of any state or federal court sitting in either of the aforementioned counties.

**15. Miscellaneous.**

- a) Each party agrees that the covenants and promises contained herein are good and sufficient consideration for the respective obligations required hereunder.

- b) Should any term or condition hereof be deemed void or unenforceable, the remaining provisions of this Contract shall remain in full force and effect.
- c) The parties have independently, separately and freely negotiated each and every provision of this Contract as if all parties drafted this Contract. The parties, therefore, waive any statutory or common law presumption that would serve to have this document construed in favor of, or against, either party.
- d) This Contract may be executed in any number of counterparts, including original or facsimile counterparts, all of which when taken together shall constitute the entire contract of the parties.
- e) The failure of either party to immediately exercise any right herein shall not constitute a waiver of the right to do so later or constitute a waiver to exercise any other rights immediately or later. The waiver of any one right or condition precedent of either party shall not be a waiver of any other right or condition precedent by either party.
- f) All notices required herein shall be in writing and deemed delivered (i) upon personal delivery to the parties hereto, or (ii) one business day after being sent overnight mail, postage prepaid, or (iii) when sent by facsimile with transmission verification, or (iv) three days after being mailed to the parties hereto by United States Mail, return receipt requested, postage prepaid, addressed as set forth below, unless written notice of change of address is hereafter given by the parties as provided herein.
- g) Nothing herein shall be deemed to constitute or create a partnership or joint venture between SFS and ADP.
- h) Whenever in this Agreement the context so requires, the singular shall include the plural and the plural the singular.

**ADP: ALTERNATIVE DEBT PORTFOLIOS, L.P.**  
**A Delaware Limited Partnership**

BY: 

(signature required)

Date

1/23/07

Name: Eric Gangloff  
Title: Managing Director  
Address: 790 Ida Court Incline Village, NV 89451

STATE OF: Nevada  
COUNTY OF: Washoe

**SONNENSCHNEIN FINANCIAL SERVICES, INC.**  
4749 Lincoln Drive  
Suite 600  
Matteson, Illinois 60443

By: 

(signature required)

Date

1/23/2007

Name: Robert L Pioso  
Title: CFO

STATE OF: \_\_\_\_\_  
COUNTY OF: \_\_\_\_\_

## COLLECTION AGREEMENT

~~JAN 23~~ This Collection Agreement ("Agreement") is entered into this ~~23~~<sup>25</sup> day of ~~December~~ 2007, between Alternative Debt Portfolios, L.P., a Delaware limited partnership ("ADP") with offices located at 790 Ida Court, Incline Village, Nevada, 89541 and Sonnenschein Financial Services, Inc. ("SFS"), an Indiana corporation ADP with offices located at 4749 Lincoln Mall Drive, Matteson, Illinois.

WHEREAS, ADP is the owner of certain defaulted closed end sales finance installment contracts and other accounts receivable ("Claims") that ADP desires to recover in an efficient and expeditious manner and desires to retain the Services of SFS for that purpose.

WHEREAS, SFS is a Corporation that is engaged in the practice of collections and desires to have ADP refer and place with SFS Claims for recovery pursuant to this Agreement.

NOW THEREFORE, in consideration of the premises, mutual agreements, covenants, representations and warranties set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

1.1 "CLAIM" -- means certain defaulted closed end time share or vacation club sales finance installment contracts and other accounts receivable forwarded to SFS by ADP for collection.

1.2 "INDIVIDUAL" -- means the person, or persons against whom ADP seeks a claim or has asserted a claim.

1.3 "CONTINGENCY" -- means the amount that SFS shall be entitled to for providing the Services hereunder and is a contingent fee based upon a percentage of the proceeds collected on Claims.

1.4 "PLACEMENTS" -- means the referral of claims by ADP to SFS for collection services. "Primary" placement means no collection efforts have been made prior to referral to ADP. "Secondary" placement means one previous entity has made collection attempts and/or the debt has been in default longer than two years. "Tertiary" placements mean that two previous entities have made collection attempts and/or the debt has been in default longer than three years. "Out of Statute" means the statute of limitations has expired on the Claim. "Default" means the Claim is considered past due according to the agreement creating the debt.



1.5 "RECOVERY PERIOD" -- means the time between which ADP places the Claim with SFS and the time when ADP recalls the Claim pursuant to Section 3.8 below or when SFS otherwise returns the Claim to ADP.

1.6 "PROCEEDS" -- means items of payment regardless of form.

1.7 "SERVICES" -- means collection services as described in Articles III and IV below on claims in the United States and its territories, including United States military bases located outside of the United States, as identified by ADP from time to time.

## ARTICLE II

### RELATIONSHIP OF PARTIES

2.1 INDEPENDENT CONTRACTOR. SFS shall perform under this Agreement as an independent contractor and nothing herein contained shall be construed to be inconsistent with this relationship or status. SFS acknowledges that neither it, nor its agents, employees or servants are employed by this Agreement as employees of ADP and that neither it nor its agents, employees or servants are entitled to any benefit from ADP as an employee of ADP.

## ARTICLE III

### SERVICES

3.1 PROPRIETARY RIGHTS. ADP shall, in its sole discretion, from time to time place Claims with SFS. Nothing contained in this Agreement shall be construed as requiring ADP to place any set number of Claims with SFS and ADP is expressly given the right to place as many or as few Claims with SFS as it may from time to time determine, including the right to place no Claims even though this Agreement may be still in force. All Claims placed by ADP with SFS are and shall continue to be the exclusive property of ADP and are placed with SFS only for the purpose of collection. ADP shall acquire no rights or interest in the Claims ADP places with SFS.

3.2 ADPS COMPLIANCE AND INFORMATIONAL COVENANTS. ADP represents that it has used its best efforts to comply with applicable laws in its prior efforts to recover Claims, if any. SFS will use all commercially reasonable efforts to provide ADP with sufficient and accurate information regarding each Claim to allow SFS to properly perform its Services.

3.3 RECOVERY. SFS shall use reasonable efforts to recover Claims through normal recovery procedures, using appropriate written and verbal communication. ADP, at its reasonable discretion, may recommend to SFS Claims that ADP considers suit-worthy. The express prior written consent of ADP is required prior to any commencement of litigation on a Claim. Litigation shall be commenced in ADP's name.

3.4 SETTLEMENTS. All cash settlements less than 60% (sixty percent) of the outstanding balance must receive prior approval from ADP.

3.5 INSOLVENCY OF INDIVIDUAL. In the event that SFS becomes aware that any proceeding has been filed under the United States Bankruptcy Code by or against any Individual after the Placement of the Claim with ADP, SFS shall immediately notify ADP that such Individual is in bankruptcy proceedings and cease all collection services.

3.6 REPORTS. SFS agrees to use reasonable efforts to provide ADP with status reports and other reports that it may request from time to time.

3.7 ADVERSE CLAIMS. SFS shall promptly notify ADP of any claim contained in any legal proceeding against ADP.

3.8 RECALL OF CLAIMS. ADP reserves the right to recall any or all Claims placed by ADP with SFS. In order for ADP to recall any Claims that have been selected for litigation as per paragraph 3.3; any Claims that are currently in the litigation process; or any Claims that have completed the litigation process and resulted in a judgment there must be an agreement between ADP and SFS evidenced by a signed writing. In the event of such a recall, SFS shall assemble and immediately turn over to ADP all records, data, internal documentation, and materials relating to the Claims in its possession. If ADP receives any payment on any Claim within 30 days after such recall, ADP shall remit to SFS such payment minus SFS' contingency fee.

3.9 SKIPTRACING. SFS will perform skip-tracing services (e.g., online investigation and resources that utilize public records) on Claims as necessary to obtain the information necessary to recover on the Claim, the expense of which shall be borne by SFS.

#### ARTICLE IV

##### TRUST ACCOUNT

4.1 TRUST ACCOUNT. Any payments received by SFS or costs or expenses recovered by SFS from any Individual shall be held by SFS in trust for the benefit of ADP and shall be segregated from SFS' operating account funds. SFS shall deposit any such funds into a trust account that shall be maintained and administered in compliance with the applicable laws and rules of professional conduct.

## ARTICLE V

### PAYMENTS AND EXPENSES

5.1 CONTINGENCIES. SFS' compensation for the Services provided hereunder, shall be a Contingency which shall be calculated based on the following: first, the repayment of court costs and expenses as dictated in 5.4 of this Agreement and then 30% (thirty percent) of the remaining collections.

SFS shall calculate its Contingency based on the Recovery Proceeds and is entitled to retain such amounts as payment for the Services hereunder.

5.2 REMITTANCE. SFS shall on a weekly basis forward to ADP the portion of the Recovery Proceeds owed to ADP, after the SFS' Contingency deduction based on the calculations set forth in Section 5.1.

5.3 DIRECT PAY. SFS shall be entitled to a Contingency as provided in paragraph 5.1 above on all payments made directly to ADP during the Recovery Period on Claims placed by ADP with SFS ("Direct Pay"). ADP shall notify SFS on a monthly basis of all direct payments, or if SFS becomes aware of such payment, SFS will notify ADP. Upon verification by ADP of its receipt of the Recovery Proceeds and confirmation to SFS of the Contingency due and owing, SFS may calculate and invoice ADP for said Contingency.

5.4 COURT COSTS AND EXPENSES. Upon prior written approval of ADP to initiate litigation, SFS shall advance court costs and expenses on behalf of ADP as per Paragraphs 5.1 C and 5.7. Court costs and expenses, for purposes of this Agreement, shall include court filing fees, sheriff's fees, private process service fees, garnishment fees and other necessary fees, but shall not include overhead items such as local or long distance charges, facsimile charges, photocopying charges, and other office expenses.

5.5 COUNTERCLAIMS. In the event that a counterclaim is filed against ADP, ADP agrees to pay local counsel on an hourly basis, but ADP retains the right to seek other counsel for defense. The amount to be paid on an hourly basis shall be in writing and signed by both ADP and ADP's local counsel.

5.6 TRAVEL EXPENSES. If SFS is required to travel in order to represent ADP in pursuing a Claim, then ADP shall reimburse SFS for actual and reasonable travel expenses necessary in the performance of its obligations under this Agreement and pre-approved in writing by ADP. All other travel shall be at SFS' own expense.

5.7 INVOICES. SFS' invoices shall be paid by ADP within 30 days following ADP's receipt of an invoice.

## ARTICLE VI

### WORK PRODUCT & CONFIDENTIALITY

6.1 WORK PRODUCT. All documents prepared (alone or with others) in connection with SFS' Services for ADP (the "Work Product"), shall be the sole and exclusive property of ADP. SFS acknowledges that the Work Product is proprietary to ADP and has been specifically developed for ADP.

6.2 CONFIDENTIALITY. See Confidentiality Agreement attached as Exhibit A.

## ARTICLE VII

### REPRESENTATIONS AND WARRANTIES

7.1 COMPLIANCE WITH LAW. All recovery efforts by SFS, its agents, and employees, shall be done in a lawful manner and shall comply with all applicable federal, state, and municipal laws, statutes and regulations.

7.2 PERFORMANCE. SFS warrants that the Services will be performed in a professional manner consistent with the level of care, skill, practice and judgment exercised by other professionals in performing services of a similar nature under similar circumstances by personnel with requisite skills and qualifications needed to carry out such work.

## ARTICLE VIII

### INDEMNIFICATION

8.1 INDEMNITY. ADP hereby agrees to indemnify, defend, protect and hold harmless SFS, its parent, subsidiaries, and affiliates, and their officers, directors, shareholders, employees and agents, from and against any and all claims, costs, loss, liability, damage, injury, death, or expense (including court costs and reasonable attorneys fees) that SFS may incur arising out of or related to the acts, errors or omissions by ADP, or its agents, employees or servants.

SFS hereby agrees to indemnify, defend, protect and hold harmless ADP, its parent and affiliates, and their officers, directors, shareholders, employees and agents from and against any and all debts, costs, liability, damage or expense (including court costs and reasonable attorney's fees) that ADP may incur arising out of or related to the acts, errors, or omissions by SFS, or its agents, employees, or servants.

## ARTICLE IX

### AUDITS & INSPECTIONS

9.1 AUDITS AND INSPECTIONS. SFS shall maintain records of each Claim placed by ADP with ADP in such a manner as to be auditable by ADP, as well as related to any Recovery Proceeds, Contingency or Expenses hereunder. ADP shall have the right at any time or times during SFS' usual business hours and upon reasonable notice to inspect all records and materials of SFS relating to Claims, including without limitations, all records and materials relating to the collections received on such Claims.

## ARTICLE X

### TERMINATION

10.1 TERMINATION FOR CONVENIENCE. ADP and SFS shall have the right to terminate this Agreement on sixty (60) days written notice for convenience. On the date such termination is effective, ADP shall pay SFS for all undisputed charges not yet invoiced through the date of termination.

10.2 TRANSITION. Upon termination of this Agreement, and at ADP's request, SFS shall provide all commercially reasonable transition services for ADP to help facilitate an orderly transition of the Services, the Work Product, and ADP's Confidential Information to ADP or a third party designated by ADP. In such event, SFS shall continue to earn Contingencies with respect to Recovery Proceeds received by SFS or ADP on Claims, up to the date that the transition is completed and the Services are terminated. SFS shall use reasonable efforts to accommodate the transition schedule requested by ADP.

10.3 DUTIES UPON TERMINATION. Any obligation of SFS to indemnify ADP and ADP to indemnify the SFS will survive any such termination and any other rights of ADP hereunder and other obligations of ADP hereunder shall remain in full force and effect notwithstanding any such termination until all of the liabilities and obligations of ADP to ADP are paid in full and completed.

## ARTICLE XI

**MISCELLANEOUS**

11.1 **NO WAIVER.** SFS agrees that no delay on the part of ADP in exercising any power or right hereunder shall operate as a waiver of any such power or right, preclude other or further exercise thereof, or the exercise of any other power or right. No waiver whatever shall be valid unless in writing signed by ADP and then only to the extent set forth therein.

11.2 **APPLICABLE LAW.** ADP and SFS expressly agree that any and all disputes, claims or litigation arising from or related in any way to this Agreement shall be resolved exclusively by the courts of the State of Nevada, County of Washoe.

11.3 **LIMITATION OF DAMAGES.** Except for ADP's and SFS' indemnification obligations set forth in section 8.1 above, neither party shall be liable to the other party or to any third party for any consequential damages arising out of or related to this agreement, even if the party has been advised of the possibility of such damages.

11.4 **TITLES.** The titles and headings indicated herein are inserted for convenience only and shall not be considered a part of this Agreement or in any way limit the construction or interpretation of this Agreement.

11.5 **NON-ASSIGNMENT.** ADP shall have no right to assign this Agreement and any attempted assignment not in accordance with the terms of this subsection shall be void and of no effect. This Agreement shall be binding upon and inure to the benefit of each of the parties, their permitted successors and assigns.

11.6 **ENTIRE AGREEMENT.** This Agreement contains the entire agreement between ADP and ADP. No representations, promises or conditions not incorporated herein shall be binding upon either party.

11.7 **SEVERABILITY.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under law, but if any provision of this Agreement shall be prohibited by or invalid under law, such provision shall be ineffective to the extent of such prohibition of invalidity without invalidating the remainder of such provision or the remaining provision of this Agreement.

11.8 **MODIFICATIONS.** No modifications or amendment to this Agreement shall be binding unless made in writing and signed by each party.

11.9 **WAIVER CLAUSE.** No failure on the part of either party to exercise any of its rights and remedies granted hereunder or to insist upon strict compliance by the other party shall constitute a waiver of such party's right to demand exact compliance with the terms hereof.

11.10 RULES OF PROFESSIONAL CONDUCT. SFS, including its attorneys, employees, and agents, is responsible to observe the law comply with any and all state and municipal collections practices and adhere to the Fair Debt Collections Practices Act (FDCPA).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their proper and duly authorized officers as of the day and year first above written.

**Alternative Debt Portfolios, L.P.**

By: 

Name:

Eric J. Gangloff

Title:

Managing Director

**Sonnenschein Financial Services, Inc.**

By: 

Name:

Robert L. Piro

Title:

CFO

**EXHIBIT A****Confidentiality Agreement**

This Confidentiality Agreement ("Agreement") is entered into this 23<sup>rd</sup> day of JANUARY 2007, by and between Alternative Debt Portfolios, L.P., ("ADP") with offices located at 790 Ida Court, Incline Village, Nevada, 89541 and Sonnenschein Financial Services, Inc. ("Servicer"), an Indiana corporation ADP with offices located at 4749 Lincoln Mall Drive, Matteson, Illinois

WHEREAS, ADP desires to provide certain confidential information to the Servicer for the purpose of developing a new business relationship regarding collection services to be provided by Servicer to ADP.

WHEREAS, ADP desires to protect said confidential information as set forth in this Agreement.

NOW THEREFORE, in consideration of the premises, mutual agreements, covenants, representations and warranties set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

In the course of performing its duties, the Servicer may from time to time receive information from ADP. This information (including, but not limited to, information about ADP's customers or regarding ADP's practices, procedures, strategies, organization, profits, marketing materials, data whether digital or analogue or not, and any and all other information) is confidential and shall not be disclosed or used by the Servicer for any purpose other than the limited purpose of performing its obligations to ADP.

Information that is (1) generally known to the public or in the industry (not resulting from a breach of this Agreement), (2) in the possession of the Servicer before disclosure by ADP, or (3) available to the Servicer from a source that (to the Servicer's knowledge) is not bound by any nondisclosure obligation to ADP, is not confidential information subject to this Agreement.

The Servicer shall not use, disseminate, transfer, divulge or reveal confidential information to any person(s) or entity without the prior express written consent of ADP unless necessary to perform its obligations to ADP.

Servicer shall promptly notify ADP if ADP is served with a subpoena or other legal process that may require the disclosure of certain confidential information.

The Servicer agrees to limit the disclosure and access to confidential information to only those persons who must have access to said confidential information in order to enable the Servicer to perform its obligations to ADP.



This Agreement shall also apply to any agent of the Servicer requiring access to confidential information. Prior to the disclosure of any confidential information by the Servicer to its agent, the Servicer shall advise such agent as to the existence of this Agreement, the terms and conditions thereof, the duties imposed, and obtain such agent's express undertaking to comply with the terms and conditions of this Agreement as if they were an original party thereto.

ADP shall, upon receipt of a written request from Servicer, return to ADP all documents, materials and information (together with all copies thereof) received from ADP pertaining to or containing any confidential information.

Nothing contained herein shall be construed as granting or conferring any rights by license or otherwise in any confidential information.

The obligations set forth in this Agreement shall continue in full force and effect for a period commencing on the date of this Agreement and ending upon termination of the Collection Agreement.

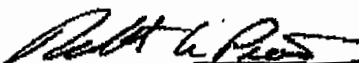
Either party's failure to insist in any one or more instances upon strict performance by the other party of any of the terms of this Agreement shall not be construed as a waiver of any continuing or subsequent failure to perform or delay in performance of any term hereof.

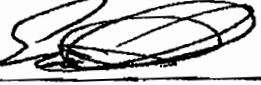
If any term of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, then this Agreement, including all of the remaining terms, will remain in full force and effect as if such invalid or unenforceable term had never been included.

IN WITNESS WHEREOF, the undersigned parties have executed this Confidentiality Agreement as of the date set forth above.

Sonnenschein Financial Services, Inc.

Alternative Debt Portfolios, L.P.

By: 

By: 

Name: Robert L. Priolo

Name: Eric J. Gangloff

Title: CFO

Title: Managing Director

**SERVICING AGREEMENT FEE SCHEDULE "EXHIBIT B"**

Exhibit B to the Servicing Agreement is hereby dated JANUARY 23, 2007 between Sonnenschein Financial Services, an Indiana Corporation, hereinafter referred to as ("SFS") and ALTERNATIVE DEBT PORTFOLIOS, L.P., a Delaware Limited Partnership ("ADP"). The Servicing Fees due from ADP to SFS are as follows:

1. Accounts less than 90 days past due\* - A Sum equal to \$3.00 per account per month for accounts requiring a monthly billing statement and \$1.50 per account per month for accounts having payments made via auto debit, EFT or from credit card auto payment.
2. New Account Verification - SFS shall charge ADP \$1.00 per new account telephonic verification, using scripting provided by ADP to SFS from time to time.
3. Late fees - ADP shall retain any and all late fees collected.
4. Deliveries - ADP will be charged at cost for any overnight, two day or express mail deliveries.
5. Credit Card Processing Fee - 2.75 % of the payment amount for all payments taken via credit card.

\*These fees include monthly statement invoicing, full collection activities, month end reconciliation reports, and credit bureau reporting charges.

Sonnenschein Financial Services  
An Indiana Corporation

By: 

Its: CFO

Alternative Debt Portfolios, L.P.  
A Delaware Limited Partnership

By: 

Its: Managing Director



## COLLECTION AGREEMENT

This Collection Agreement ("Agreement") is entered into this 1st day of July 2007, between Alternative Debt Portfolios, L.P., a Delaware limited partnership ("ADP") with offices located at 50 West Liberty St, Suite 1040, Reno, NV 89501 and Highlands Credit Corporation, a Colorado Corporation ("Collector"), with offices located at 7921 Southpark Plaza, Suite 108, Littleton, CO 80120

WHEREAS, ADP is the owner of certain defaulted consumer finance agreements and other consumer accounts receivable ("Claims") that ADP desires to recover in an efficient and expeditious manner and desires to retain the Services of the COLLECTOR for that purpose.

WHEREAS, COLLECTOR is a Corporation that is engaged in the practice of collections and desires to have ADP refer and place with COLLECTOR Claims for recovery pursuant to this Agreement.

NOW THEREFORE, in consideration of the promises, mutual agreements, covenants, representations and warranties set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I

#### DEFINITIONS

1.1 "CLAIM" -- means certain defaulted consumer finance contracts and other accounts receivable forwarded to COLLECTOR by ADP for collection.

1.2 "INDIVIDUAL" -- means the person, or persons against whom ADP seeks restitution.

1.3 "CONTINGENCY" -- means the amount that COLLECTOR shall be entitled to for providing the Services hereunder and is a contingent fee based upon a percentage of the proceeds collected on Claims.

1.4 "PLACEMENTS" -- means the referral of claims by ADP to COLLECTOR for collection services. "Primary" placement means no collection efforts have been made prior to referral to ADP. "Secondary" placement means one previous entity has made collection attempts and/or the debt has been in default longer than two years. "Tertiary" placements mean that two previous entities have made collection attempts and/or the debt has been in default longer than three years. "Out of Statute" means the statute of limitations has expired on the Claim. "Default" means the Claim is considered past due according to the agreement creating the debt.

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1.5 "RECOVERY PERIOD" -- means the time between which ADP places the Claim with COLLECTOR and the time when ADP recalls the Claim pursuant to Section 3.9 below or when COLLECTOR otherwise returns the Claim to ADP.

1.6 "PROCEEDS" -- means items of payment regardless of form.

1.7 "SERVICES" -- means collection services as described in Articles III and IV below on claims in the United States and its territories, including United States military bases located outside of the United States, as identified by ADP from time to time.

1.8 "GROSS BALANCE DUE" -- means the combined amounts of principal, accrued interest and late charges due under each Claim.

## ARTICLE II

### RELATIONSHIP OF PARTIES

2.1 INDEPENDENT CONTRACTOR. COLLECTOR shall perform under this Agreement as an independent contractor and nothing herein contained shall be construed to be inconsistent with this relationship or status. COLLECTOR acknowledges that it is not an agent, employee or servant of ADP and that neither it nor its agents, employees or servants are entitled to any benefit from ADP as an employee of ADP.

## ARTICLE III

### SERVICES

3.1 PROPRIETARY RIGHTS. ADP shall, in its sole discretion, from time to time place Claims with COLLECTOR. Nothing contained in this Agreement shall be construed as requiring ADP to place any set number of Claims with COLLECTOR, and ADP is expressly given the right to place as many or as few Claims with COLLECTOR as it may from time to time determine, including the right to place no Claims even though this Agreement may be still in force. All Claims placed by ADP with COLLECTOR are and shall continue to be the exclusive property of ADP and are placed with COLLECTOR only for the purpose of collection. COLLECTOR shall acquire no rights or interest in the Claims ADP places with COLLECTOR other than the Contingencies outlined in Article V; Section 5.1 of this Agreement.

3.2 ADP'S COMPLIANCE AND INFORMATIONAL COVENANTS: ADP represents that it has used its best efforts to comply with applicable laws in its prior efforts to recover Claims, if any. COLLECTOR will use all commercially reasonable efforts to comply with all applicable laws to recover Claims. ADP will provide

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COLLECTOR with sufficient and accurate information regarding each Claim to allow COLLECTOR to properly perform its Services.

3.3 RECOVERY. COLLECTOR shall use reasonable efforts to recover Claims through normal recovery procedures, using appropriate written and verbal communication.

3.4 CREDIT REPORTING. In consideration of ADP placing accounts with COLLECTOR, COLLECTOR agrees to conduct monthly credit reports to the credit bureaus in which ADP has secured a subscriber code indicating a collection status on assigned accounts and approximately 62,000 additional non-assigned accounts in a manner sufficient to ADP. COLLECTOR agrees to comply with all applicable Federal, State and municipal laws governing such credit reporting. ADP agrees to provide data information, updates and assistance to COLLECTOR to accurately report status information on those non-assigned accounts.

3.5 SETTLEMENTS. All cash settlements less than those defined below must receive prior approval from ADP. COLLECTOR shall use its own discretion and resources to submit settlement letters to debtors in compliance with the below captioned preauthorized settlement levels.

- In Statute Credit Card accounts may be settled for 40% (forty percent) of the gross balance due.
- Out of Statute Credit Card accounts may be settled for 35% (thirty five percent) of the gross balance due.
- All Auto Deficiency accounts may be settled for 20% (twenty percent) of the gross balance due.

3.6 INSOLVENCY OF INDIVIDUAL. In the event that COLLECTOR becomes aware that any proceeding has been filed under the United States Bankruptcy Code by or against any Individual after the Placement of the Claim with ADP, COLLECTOR shall immediately notify ADP that such Individual is in bankruptcy proceedings and cease all collection services.

3.7 REPORTS. COLLECTOR agrees to use reasonable efforts to provide ADP with status reports and other reports that it may request from time to time. COLLECTOR shall also provide ADP with online access to account records to allow ADP the capability to audit collection activity on placed accounts. COLLECTOR shall also allow ADP reasonable access to debtor account records to allow ADP, or other entities directed by ADP, to conduct audits of all records pertaining to Claims placed.

3.8 ADVERSE CLAIMS. COLLECTOR shall promptly notify ADP of any claim contained in any legal proceeding against ADP.

3.9 RECALL OF CLAIMS. ADP reserves the right to recall any or all Claims placed by ADP with COLLECTOR subject to a 30 (thirty) day written notice. All accounts which have had recent payment activity and/or have promises to pay within the next 90 (ninety) days will NOT be eligible for recall by ADP. In the event of such a

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recall, COLLECTOR shall assemble and turn over to ADP all records, data, internal documentation, and materials relating to the Claims in its possession. In the event that ADP receives any direct payment on any Claim within 90 (ninety) days after such recall, ADP shall remit to COLLECTOR their contingency fee after clearance of the direct payment.

3.10 SKIPTRACING. COLLECTOR will perform skip-tracing services (e.g., online investigation and resources that utilize public records) on Claims as necessary to obtain the information necessary to recover on the Claim, the expense of which shall be borne by COLLECTOR.

#### ARTICLE IV

##### TRUST ACCOUNT

4.1 TRUST ACCOUNT. Any payments received by COLLECTOR or costs or expenses recovered by COLLECTOR from any Individual shall be held by COLLECTOR in a trust account for the benefit of ADP and shall be segregated from COLLECTOR'S operating account funds. COLLECTOR shall deposit any such funds within 48 hours of receipt into a trust account that shall be maintained and administered in compliance with the applicable laws and rules of professional conduct.

#### ARTICLE V

##### PAYMENTS AND EXPENSES

5.1 CONTINGENCIES. COLLECTOR'S compensation for the Services provided hereunder, shall be a Contingency which shall be calculated based on the following: ~~45%~~ (forty five percent) of the aggregate collections.

COLLECTOR shall calculate its Contingency based on the Recovery Proceeds and is entitled to retain such amounts as payment for the Services hereunder.

5.2 REMITTANCE. COLLECTOR shall on a monthly basis forward to ADP the portion of the Recovery Proceeds owed to ADP, after the COLLECTOR'S Contingency deduction based on the calculations set forth in Section 5.1.

DIRECT PAY. COLLECTOR shall be entitled to a Contingency as provided in paragraph 5.1 above on all payments made directly to ADP during the Recovery Period on Claims placed by ADP with COLLECTOR ("Direct Pay"). ADP shall notify COLLECTOR on a monthly basis of all direct payments, or if COLLECTOR becomes aware of such payment, COLLECTOR will notify ADP. Upon verification by ADP of its receipt of the Recovery Proceeds and confirmation to COLLECTOR of the

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Contingency due and owing, COLLECTOR may calculate and invoice ADP for said Contingency.

5.3 COUNTERCLAIMS. In the event that a counterclaim is filed against ADP, ADP agrees to pay local counsel on an hourly basis for defense representation, but ADP retains the right to seek other counsel for defense. The amount to be paid on an hourly basis shall be in writing and signed by both ADP and ADP's local counsel

5.4 INVOICES. COLLECTORS' invoices shall be paid by ADP within 30 days following ADP's receipt of an invoice.

## ARTICLE VI

### WORK PRODUCT & CONFIDENTIALITY

6.1 WORK PRODUCT. All documents prepared (alone or with others) in connection with COLLECTORS Services for ADP (the "Work Product"), shall be the sole and exclusive property of ADP. COLLECTOR acknowledges that the Work Product is proprietary to ADP and has been specifically developed for ADP.

## ARTICLE VII

### REPRESENTATIONS AND WARRANTIES

7.1 COMPLIANCE WITH LAW. All recovery efforts by COLLECTOR, its agents, and employees, shall be done in a lawful manner and shall comply with all applicable federal, state, and municipal laws, statutes and regulations.

7.2 PERFORMANCE. COLLECTOR warrants that the Services will be performed in a professional manner consistent with the level of care, skill, practice and judgment exercised by other professionals in performing services of a similar nature under similar circumstances by personnel with requisite skills and qualifications needed to carry out such work.

## ARTICLE VIII

### INDEMNIFICATION

8.1 INDEMNITY. ADP hereby agrees to indemnify, defend, protect and hold harmless COLLECTOR, its parent, subsidiaries, and affiliates, and their officers, directors, shareholders, employees, agents, successors and assigns from and against any and all claims, costs, loss, liability, damage, injury, death, or expense (including court

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costs and reasonable attorneys fees) that COLLECTOR may incur arising out of or related to the acts, errors or omissions by ADP, or its agents, employees or servants.

COLLECTOR hereby agrees to indemnify, defend, protect and hold harmless ADP, its parent and affiliates, and their officers, directors, shareholders, employees, agents, successors and assigns from and against any and all debts, costs, liability, damage or expense (including court costs and reasonable attorney's fees) that ADP may incur arising out of or related to the acts, errors, or omissions by COLLECTOR, or its agents, employees, or servants.

## ARTICLE IX

### AUDITS & INSPECTIONS

9.1 AUDITS AND INSPECTIONS. COLLECTOR shall maintain records of each Claim placed by ADP in such a manner as to be auditable by ADP, as well as related to any Recovery Proceeds, Contingency Fees or Expenses hereunder. ADP shall have the right at any time or times during COLLECTOR'S usual business hours and upon reasonable notice to inspect all records and materials of COLLECTOR relating to Claims, including without limitations, all records and materials relating to the collections received on such Claims.

## ARTICLE X

### TERMINATION

10.1 TRANSITION. Upon termination of this Agreement, and at ADP's request, COLLECTOR shall provide all commercially reasonable transition services for ADP to help facilitate an orderly transition of the Services, the Work Product, and ADP's Confidential Information to ADP or to a third party designated by ADP. In such event, COLLECTOR shall continue to earn Contingencies with respect to Recovery Proceeds received by COLLECTOR or ADP on Claims, in a manner consistent with Sections 3.9 and 5.1 of this Agreement. COLLECTOR shall use reasonable efforts to accommodate the transition schedule requested by ADP.

10.2 DUTIES UPON TERMINATION. Any mutual obligation of the parties to indemnify each other will survive any such termination and any other rights and obligations of ADP hereunder shall remain in full force and effect until all of the liabilities and obligations under this agreement are paid in full and completed.

## ARTICLE XI

### MISCELLANEOUS

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11.1 NO WAIVER. COLLECTOR agrees that no delay on the part of ADP in exercising any power or right hereunder shall operate as a waiver of any such power or right, preclude other or further exercise thereof, or the exercise of any other power or right. No waiver whatsoever shall be valid unless in writing signed by ADP and then only to the extent set forth therein. ADP agrees that no delay on the part of COLLECTOR in exercising any power or right hereunder shall operate as a waiver of any such power or right preclude other or further exercise thereof, or the exercise of any other power or right. No waiver whatsoever shall be valid unless in writing signed by COLLECTOR and then only to the extent set forth therein.

11.2 APPLICABLE LAW. ADP and COLLECTOR expressly agree that any and all disputes, claims or litigation arising from or related in any way to this Agreement shall be resolved exclusively by the courts of the State of Nevada, County of Washoe.

11.3 LIMITATION OF DAMAGES. Except for ADP's and COLLECTOR's indemnification obligations set forth in section 8.1 above, neither party shall be liable to the other party or to any third party for any consequential or incidental damages arising out of or related to this agreement, even if the party has been advised of the possibility of such damages.

11.4 TITLES. The titles and headings indicated herein are inserted for convenience only and shall not be considered a part of this Agreement or in any way limit the construction or interpretation of this Agreement.

11.5 NON-ASSIGNMENT. ADP shall have no right to assign this Agreement and any attempted assignment not in accordance with the terms of this subsection shall be void and of no effect. This Agreement shall be binding upon and inure to the benefit of each of the parties, their permitted successors and assigns.

11.6 ENTIRE AGREEMENT. This Agreement contains the entire agreement between ADP and COLLECTOR. No representations, promises or conditions not incorporated herein shall be binding upon either party.

11.7 SEVERABILITY. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under law, but if any provision of this Agreement shall be prohibited by or invalid under law, such provision shall be ineffective to the extent of such prohibition of invalidity without invalidating the remainder of such provision or the remaining provision of this Agreement.

11.8 MODIFICATIONS. No modifications or amendment to this Agreement shall be binding unless made in writing and signed by each party.

11.9 WAIVER CLAUSE. No failure on the part of either party to exercise any of its rights and remedies granted hereunder or to insist upon strict compliance by the

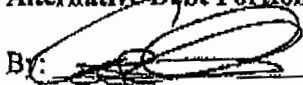
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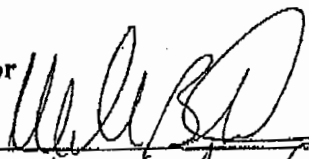
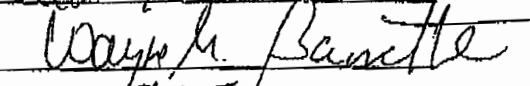
other party shall constitute a waiver of such party's right to demand exact compliance with the terms hereof.

11.10 RULES OF PROFESSIONAL CONDUCT. COLLECTOR, including its attorneys, employees, and agents, is responsible to observe the law comply with any and all Federal, State and municipal collections practices and adhere to the Fair Debt Collections Practices Act (FDCPA).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their proper and duly authorized officers as of the day and year first above written.

Alternative Debt Portfolios, L.P.

By:   
Name: Eric Sanghoff  
Title: Managing Director

Collector   
By:   
Name: Wayne M. Banette  
Title: CEO



## Retail Installment Contract

Notice to Buyer (1) Do not sign this agreement until you have read it or if it contains blank spaces, (2) You are entitled to a completely filled in copy of this agreement, (3) You can prepay the full amount due under this contract at any time. (4) If you desire to pay off the balance in advance, the amount which is outstanding will be furnished upon request.

You as the buyer(s) wish to purchase a Membership in the Star Travel Club which includes the rights and privileges described in the Purchase Contract. In consideration for the issuance of the Membership, you are providing us with payment tendered with this Contract and your promise to pay the balance, if any, of your total purchase price plus any finance charges in accordance with the terms of this Contract.

TRUTH-IN-LENDING DISCLOSURE STATEMENT Creditor: Vacation Resort Management				
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS	TOTAL COST
The cost of your credit as a yearly rate  17.6%	The dollar amount the credit will cost you  \$2,915.92	The amount of credit provided to you or on your behalf  \$7,200.00	The amount that you will have paid after you have made all payments  \$10,115.92	The total cost of your purchase on credit, incl. your down payment  \$10,915.92
Number of Payments		Amount of Payments		Payments are Due
48		\$210.75		November 15, 2006
<p><b>Security:</b> You are not giving the lender a security in any property you own.</p> <p><b>Prepayment:</b> If you pay off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charges.</p> <p><b>Late Charges:</b> If Buyer has not made a monthly payment within 10 days on which it is due, Buyer will be assessed a late charge of \$15.00. Buyer agrees to pay the actual and reasonable costs of collection, including attorney's fees, occasioned by failure of the Buyer to notify the holder of any change of residence, or by the failure of the Buyer to communicate with the holder for a period of 45 days after default in making payments due under this contract.</p>				
ITEMIZATION OF AMOUNT FINANCED				
1. Cash Price			\$8,000.00	
2. Down Payment (excluding processing fees and membership dues)			\$800.00	
3. Amount Financed			\$7,200.00	

You agree to pay Vacation Resort Management, or assignee by automatic funds debit as designated or payment coupon, all you owe under this Agreement, including all applicable interest, from the date of execution hereof until paid, whether before or after judgment, at a fixed simple per annum interest rate, as referenced herein, in consecutive payments in the amounts and on the dates explained above. If buyer wishes to cancel this retail installment agreement it must be sent via certified mail within 72 Hours to Vacation Resort Management 24 N. Washington Suite 2000 - Batavia, IL 60510. In order to process your cancellation, all goods and materials must be returned in person and a cancellation disclosure must be signed at time of refund in order to finalize the cancellation.

### NOTICE

( ) Seller assigns its interest in this contract to alternative debt portfolios

You acknowledge that (1) prior to signing this Agreement you have read and received a legible, exact and completely filled-in copy of this Agreement and that, upon signing, such a copy was also signed by all the parties hereto, and (2) you have received a copy of every document you signed during the contract negotiations.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on this August 16, 2006.

Seller: Vacation Resort Management

Borrower: *Nikole Aponte*

NIKOLE APONTE

By: *Cassie Bynum*

Co. Representative

Borrower: *Josh Skalka*

JOSH SKALKA

Contract #: 3885

Member #: \_\_\_\_\_



# Retail Installment Contract

Notice to Buyer (1) Do not sign this agreement until you have read it or if it contains blank spaces, (2) You are entitled to a completely filled in copy of this agreement, (3) You can prepay the full amount due under this contract at any time. (4) If you desire to pay off the balance in advance, the amount which is outstanding will be furnished upon request.

You as the buyer(s) wish to purchase a Membership in the Star Travel Club which includes the rights and privileges described in the Purchase Contract. In consideration for the issuance of the Membership, you are providing us with payment tendered with this Contract and your promise to pay the balance, if any, of your total purchase price plus any finance charges in accordance with the terms of this Contract.

TRUTH-IN-LENDING DISCLOSURE STATEMENT				
Creditor: Vacation Resorts Management				
<b>ANNUAL PERCENTAGE RATE</b> The cost of your credit as a yearly rate  17.8 %	<b>FINANCE CHARGE</b> The dollar amount the credit will cost you  \$3,255.31	<b>AMOUNT FINANCED</b> The amount of credit provided to you or on your behalf  \$ 6,295.50	<b>TOTAL OF PAYMENTS</b> The amount you will have paid after you have made all payments  \$ 9,550.81	<b>TOTAL COST</b> The total cost of your purchase on credit, incl. your down payment  \$10,250.31
Number of Payments		Amount of Payments		Payments are Due
60		\$ 159.18		January 30, 2006
<b>Security:</b> You are not giving the lender a security in any property you own. <b>Prepayment:</b> If you pay off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charges. <b>Late Charges:</b> If Buyer has not made a monthly payment within 10 days on which it is due, Buyer will be assessed a late charge of \$15.00. Buyer agrees to pay the actual and reasonable costs of collection, including attorney's fees, occasioned by failure of the Buyer to notify the holder of any change of residence, or by the failure of the Buyer to communicate with the holder for a period of 45 days after default in making payments due under this contract.				
ITEMIZATION OF AMOUNT FINANCED				
1. Cash Price				\$ 6,995.00
2. Down Payment (excluding processing fees and membership dues)				\$ 699.50
3. Amount Financed				\$ 6,295.50

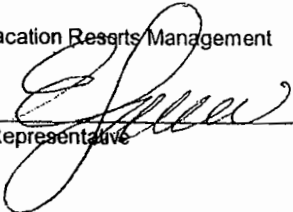
You agree to pay Vacation Resorts Management, or assignee by automatic funds debit as designated or payment coupon, all you owe under this Agreement, including all applicable interest, from the date of execution hereof until paid, whether before or after judgment, at a fixed simple per annum interest rate, as referenced herein, in consecutive payments in the amounts and on the dates explained above. If buyer wishes to cancel this retail installment agreement it must be sent via certified mail within 72 hours to Vacation Resorts Management 903 Commerce Dr Suite 140 Oak Brook, IL 60523. In order to process your cancellation, all goods and materials must be returned in person and a cancellation disclosure must be signed at time of refund in order to finalize the cancellation.

## NOTICE


You acknowledge that (1) prior to signing this Agreement you have read and received a legible, exact and completely filled-in copy of this Agreement and that, upon signing, such a copy was also signed by all the parties hereto, and (2) you have received a copy of every document you signed during the contract negotiations.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on this 17th day of November, 2005.

Seller: Vacation Resorts Management

By:   
Co. Representative

Borrower: 

Borrower: 

Contract # : \_\_\_\_\_

Membership # : \_\_\_\_\_





**PURCHASE AGREEMENT**  
*Vacation Resort Management*



**Enrollment Service Contract**

In this Agreement "Seller" means (VRM, Vacation Resort Management) a Nevada corporation doing business at Crown Point, IN. You, Yours and Buyer means the Buyer(s) shown on the first page and last page of this Agreement.

Contract #	Date of Sale: 11/17/05
Buyer: <b>Arturo Azcona</b> <b>Danielle Azcona</b> [REDACTED] [REDACTED]	<input checked="" type="checkbox"/> Platinum Service <input type="checkbox"/> Gold Service
# of RCI points: <b>34,000</b> # of Star Weeks	Purchase Price <b>\$ 6,995.00</b> Optional VRM Membership <del>\$49</del> /Yr )

1. **PURCHASE AGREEMENT**, By signing this service Agreement, seller agrees to sell Buyer and Buyer agrees to buy a service agreement to provide Buyer with enrollment, membership and/or ownership into a Vacation Ownership and/or Vacation Club Travel program affiliated with RCI points resorts and Star Vacation Club Membership Services.
2. **SERVICE AGREEMENT**, Seller will provide Buyer with a service which will enable Buyer to with obtain RCI points based inventory. Seller will directly or indirectly link Buyer with various developers and/or management companies representing HOA's affiliated with RCI points resorts. Seller will administer the process of obtaining RCI points as well as membership into Star Vacation Club.
  - a) Seller will process enrollment on behalf of Buyer into the RCI exchange program
  - b) Seller will process enrollment on behalf of Buyer into Star Vacation Club
  - c) Seller will arrange transfer of deeded inventory and ownership from contracted Developer and Management companies to Buyer from RCI points affiliated Resorts.
  - d) Seller will provide an orientation and/or training on how to best understand and use their memberships with RCI and/or Star Vacation Club only at the Buyers request.
  - e) Seller will provide Buyer with all terms and conditions of each servicing company.
3. **PURCHASE PRICE**, The total purchase price of this service contract is **\$ 6,995.00**. Buyer has delivered to the Seller, the sum of **\$ 699.50** as a down payment (the "down payment") on the purchase of a service. The down payment shall be applied against the total purchase price upon acceptance of this Agreement by Seller. Buyer agrees to pay the remaining balance of the total purchase price as follows; (check one)
  - ( ) a) By paying to the Seller, in cash or by cashier's check, the sum of **\$ 6,295.50** within ten days from the date of this Agreement.
  - (X) b) By paying to the Seller (or Seller's nominee) in monthly installments the sum of **\$ 159.18** on those terms described in a promissory note executed by Buyer of even date herewith (see paragraph below)
4. **SECURITY AGREEMENT**. In order to secure Buyer obligation to Seller under the note if any, executed by Buyer as part of the service purchase price, Buyer hereby to the note holder, it's successors and assigns a purchase money security interest in Buyers ownership of a deeded resort week acquired through this service Agreement.
  - a) If a default should occur in the payments of the Installment under the note, the entire principal of sum and accrued interest shall at once become due and payable upon not less than 90 days notice at the option of the note holder
  - b) Authorization to Insert Payment, Seller is hereby authorized by Buyer to insert the payment date to coincide with Sellers billing process as well as have all monthly and yearly dues and or payments deducted electronically from Buyer (see attached auto debit form)



5. **RIGHTS AND OBLIGATION OF SELLER.** The Seller is a corporation located at Oak Brook, IL. The Seller is simply providing a service of enrollment on Buyer's behalf to obtain inventory with transfer of ownership directly from the contracted Developer, homeowners association, individual and/or travel club. Upon completion of transfer of ownership and membership enrollment with RCI and/or Star Vacation Club, Sellers obligation to Buyer will be deemed fulfilled. While it is anticipated that RCI and/or Star Vacation Club will continue, RCI and Star make no representations to the continued viability or affiliation of any resort. Your decision to purchase should be based primarily upon benefits gained from ownership and use of your vacation membership. All representations of servicing benefits are limited to and only represented to materials supplied by RCI or Star Vacation Club. Seller will provide Buyer with copies of enrollment applications as well as terms and conditions as provided by Sellers vendors.

6. **NOTICES.** No notice, request, demand, Instruction or other document exclusive of billing or collection shall be effective for any purpose unless personally delivered to the person at the appropriate address specified below (in which event of such notice will be deemed effective only upon such delivery) or when delivered by certified mail five (5) days after confirmation of receipts from any United States post office which the notice is addressed postage pre-paid, address as follows:

Seller: VRM  
903 Commerce Dr #140  
Oakbrook, IL 60523

Buyer: **Arturo Azcona & Danielle Azcona**  
[REDACTED]  
[REDACTED]

7. **REPRESENTATIONS.** This Agreement is not subject to any verbal representations or Buyers request of fulfillment or non-fulfillment on any travel related services provided by Seller, Sellers affiliations or any other servicing membership, enrollment or membership. Buyer hereby acknowledges that he has read and understands the terms and conditions provided by Seller to Buyer for membership into Star Vacation Club, RCI resorts or contracted developer of deeded inventory.

8. **TRANSFER OF OWNERSHIP.** Buyer hereby grants authority to Seller to transfer ownership from contracted developers, home owners associations or individuals to Buyer provided that the RCI points value of such inventory reflects points equal to or greater than the number of points anticipated yearly by Buyer at the time of purchase. RCI has the right to adjust point values based on supply and demand at their sole discretion.

9. **MEMBERSHIP.** Seller will process the enrollment of Buyer into RCI points exchange and/or Star Vacation Club membership. Each membership will require yearly dues to continue services. Seller will pay the Buyers dues for the 1<sup>st</sup> year. Renewal of all future dues is the Buyers obligation and handled directly with each servicing membership affiliate. Buyer is not obligated to renew any membership. Dues from RCI and Star must be current in order to use membership services.

10. **WARRANTIES AND ACKNOWLEDGEMENT OF BUYER.** Buyer consents, represents warrants and acknowledges to Seller that

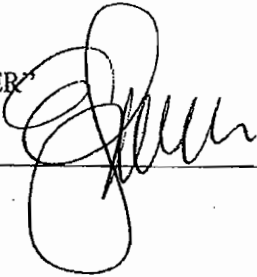
- a) Buyer is purchasing a service contract that requires seller to enroll Buyer in RCI and/or Star Vacation Club as well as locating and overseeing the deeded transfer of ownership to Buyer from contracted developers, resellers, homeowners association management companies and individuals, which can be used for participation in the RCI points resort program.
- b) Buyer understands that transfer of ownership to Buyer is at the sole discretion of Seller as to which resort inventory will be transferred to Buyer. Assignment of inventory will be determined by inventory with a points value equal to or greater than the number of points the Buyer wishes to obtain through this service Agreement.
- c) Buyer understands and acknowledges that transfer of ownership will place a yearly maintenance fee of **\$ 649.00**, which is the Buyers sole responsibility to pay and keep current to maintain ownership of any said resort week.

d) Buyer understands and acknowledges that he has 3 days order to cancel this Agreement and must do so according with the rules on the Truth-in-Lending contract page.

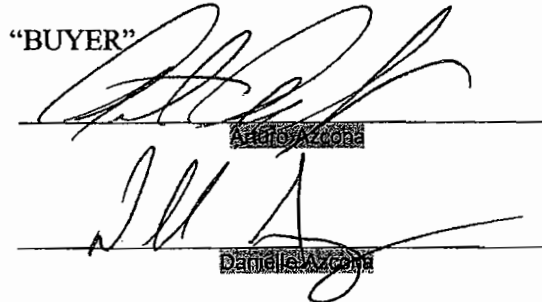

11. **WAIVER.** The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Agreement, nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The waiver by any party of the time for performing any act shall not constitute a waiver of the time for performing any act or identical act required to be performed at a later time. The exercise of any remedy provided by law and the provisions of this Agreement shall not exclude other consistent remedies unless they are expressly excluded.
12. **AMENDMENTS.** No change in or addition to this Agreement or any part Hereof shall be valid unless in writing and signed by or on behalf of the parties hereto. Buyer hereby agrees to execute any amendment requested of Buyer by Seller to the extent such amendment is required for compliance with Federal, State or Local law.
13. **SURVIVAL.** All covenants and agreements made herein shall survive the execution and delivery of the Agreement
14. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon, and be enforceable by the successors and assigns of Seller and Buyer.
15. **OFFER TO PURCHASE.** Buyers' signature herein constitutes an offer to purchase the services described hereinabove. Unless Buyer receives a written notice from Seller specifically rejecting such offer within seven (7) days from execution hereof, Seller shall deem this offer acceptable.
16. **ARBITRATION.** Notwithstanding anything to the contrary both parties hereby agree, than any disputes other than collection efforts will be subject to arbitration at the Better Business Bureau and their decision will be final and binding.

IN WITNESS WHEREOF, the parties have set forth their signature this 17th day of November, 2005

"SELLER"



"BUYER"



Harbor Management Resort Group  
Purchase Proposal

Member ID: \_\_\_\_\_  
Contract #: \_\_\_\_\_  
Date: \_\_\_\_\_

35884  
11-30-06

Name 1: Jamey Barnett

SS# /D.O.B. 1: \_\_\_\_\_

Name 2: \_\_\_\_\_

SS# /D.O.B. 2: \_\_\_\_\_

Address: \_\_\_\_\_

City: Laporte

State: IN

Zip: 46330

Home Phone: \_\_\_\_\_

Work Phone: 219-828-1595

TOTAL SALES PRICE

12,990.00

Initial Downpayment

1,299.00

Amount Financed

11,691.00

Terms

Months

60

Rate

17.80%

Service Fee

0.00

Monthly Payment

2295.00

F111

449

4900  
490  
4410

Payment Method: ☐ Cash ☐ Check ☐ MC ☐ VISA ☐ AMEX

SURE PAY: Yes ☒ No ☐

Comments:

12 GETWAY WEEKS EOX 288

Front End BROWN

Manager: Angelo Simon

Back End \_\_\_\_\_

VLO: \_\_\_\_\_

Applicant 1 Signature

Applicant 2 Signature

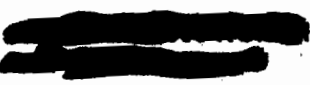
contract signed  
11-30-06  
btwn 8-9 p.m.

This is a Proposal and not a contract. Subject to execution of final contract and/or lending documents



**PURCHASE AGREEMENT**  
*Harbor Management Resort Group*

In this Agreement "Seller" means (HMRG, Harbor Management Resort Group) a Nevada corporation doing business in Las Vegas, NV. You, Yours and Buyer means the Buyer(s) shown on the first page and last page of this Agreement.

Contract #: 7478	Date of Sale: 11/30/2006
Buyer: <b>JAMEY BARNETT</b> 	( ) Interval Per Year (Annual) ( X ) Interval EOY (Bi-Ennial)
# of II Weeks: 1 II Membership Gold Premier Level	Purchase Price: \$4,900.00

1. **PURCHASE AGREEMENT**, By signing this service Agreement, seller agrees to sell Buyer and Buyer agrees to buy a service agreement to provide Buyer with enrollment, membership and/or ownership into a Vacation Ownership and/or Vacation Club Travel program affiliated with Interval International Exchange Service.
2. **SERVICE AGREEMENT**, Seller will provide Buyer with a service which will enable Buyer to with obtain Interval International. Seller will directly or indirectly link Buyer with various developers and/or management companies representing HOA's affiliated with II Interval(s) resorts. Seller will administer the process of obtaining interval(s) of vacation ownership.
  - a. Seller will process enrollment on behalf of Buyer into the II exchange program
  - b. Seller will arrange transfer of inventory and ownership from contracted Developer and Management companies to Buyer from Interval International affiliated Resorts on behalf of resorts Homeowners Association (HOA).
  - c. Seller will provide an orientation and/or training on how to best understand and use their memberships with II only at the Buyer's request.
  - d. Seller will provide Buyer with all terms and conditions of each servicing company.
3. **PURCHASE PRICE**, The total purchase price of this service contract is **\$4,900.00**. Buyer has delivered to the Seller, the sum of **\$0.00** as a down payment (the "down payment") on the purchase of a service. The down payment shall be applied against the total purchase price upon acceptance of this Agreement by Seller. Buyer agrees to pay the remaining balance of the total purchase price as follows; (check one)
  - a. ( ) By paying to the Seller, in cash or by cashier's check, the sum of **\$4,410.00** within ten days from the date of this Agreement.
  - b. ☒ By paying to the Seller (or Seller's nominee) in monthly installments the sum of **\$111.51** on those terms described in a promissory note executed by Buyer of even date herewith (see paragraph below)
4. **SECURITY AGREEMENT**. In order to secure Buyer obligation to Seller under the note if any, executed by Buyer as part of the service purchase price, Buyer hereby to the note holder, its successors and assigns a purchase money security interest in Buyers ownership of a deeded resort week acquired through this service Agreement.
  - a. If a default should occur in the payments of the Installment under the note, the entire principal of sum and accrued interest shall at once become due and payable upon not less than 90 days notice at the option of the note holder
  - b. Authorization to Insert Payment, Seller is hereby authorized by Buyer to insert the payment

date to coincide with Seller's billing process as well as have all monthly and yearly dues and or payments deducted electronically from Buyer (see attached auto debit form)

5. **RIGHTS AND OBLIGATIONS OF SELLER.** The Seller is a corporation located at Las Vegas, NV. The Seller is simply providing a service of enrollment on Buyer's behalf to obtain inventory with transfer of ownership directly from the contracted Developer, homeowners association. Upon completion of transfer of ownership and membership enrollment with II, Seller's obligation to Buyer will be deemed fulfilled. While it is anticipated that II will continue, II makes no representations to the continued viability or affiliation of any resort. Your decision to purchase should be based primarily upon benefits gained from ownership and use of your vacation membership. All representations of servicing benefits are limited to and only represented to materials supplied by II. Seller will provide Buyer with copies of enrollment applications as well as terms and conditions as provided by Sellers vendors.
6. **NOTICES.** No notice, request, demand, instruction or other document exclusive of billing or collection shall be effective for any purpose unless personally delivered to the person at the appropriate address specified below (in which event of such notice will be deemed effective only upon such delivery) or when delivered by certified mail five (5) days after confirmation of receipts from any United States post office which the notice is addressed postage pre-paid, address as follows:

Seller: HMRG  
1050 W. Flamingo Road Suite S 305  
Las Vegas, Nevada 89119

Buyer: JAMEY BARNETT

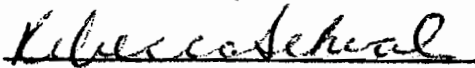
[REDACTED]  
[REDACTED]

7. **REPRESENTATIONS.** This Agreement is not subject to any verbal representations or Buyer's request of fulfillment or non-fulfillment on any travel related services provided by Seller, Seller's affiliations or any other servicing membership, enrollment or membership. Buyer hereby acknowledges that he has read and understands the terms and conditions provided by Seller to Buyer for membership into II resorts or contracted developer of inventory.
8. **TRANSFER OF OWNERSHIP.** Buyer hereby grants authority to Seller to transfer ownership from contracted, home owners associations to Buyer provided that the II Interval(s) value of such inventory reflects the number of interval(s) anticipated yearly by Buyer at the time of purchase.
9. **MEMBERSHIP.** Seller will process the enrollment of Buyer into Interval Internationals exchange. Each membership will require yearly dues to continue services. Seller will pay the Buyer's dues for the 1st year. Renewal of all future dues is the Buyer's obligation and handled directly with each servicing membership affiliate. Buyer is not obligated to renew any membership. Dues from must be current in order to use membership services.
10. **WARRANTIES AND ACKNOWLEDGEMENT OF BUYER.** Buyer consents, represents, warrants and acknowledges to Seller that
- a. Buyer is purchasing a service contract that requires seller to enroll Buyer in II as well as locating and overseeing the transfer of ownership to Buyer from contracted, homeowners association or management companies, which can be used for participation in the II exchange resort program.
  - b. Buyer understands that transfer of ownership to Buyer is at the sole discretion of Seller as to which resort inventory will be transferred to Buyer. Assignment of inventory will be determined by inventory availability with interval(s) value equal to or greater than the number of interval(s) the Buyer wishes to obtain through this service Agreement.
  - c. Buyer understands and acknowledges that transfer of ownership will place a yearly maintenance fee of **\$288.00**, which is the Buyer's sole responsibility to pay and keep current to maintain ownership of any said resort week.
  - d. Buyer understands and acknowledges that he has 120 Hours in order to cancel this Agreement and must do so according with the rules on the Truth-in-Lending contract page.

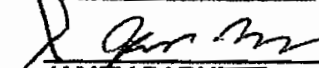
11. **WAIVER.** The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Agreement, nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The waiver by any party of the time for performing any act shall not constitute a waiver of the time for performing any act or identical act required to be performed at a later time. The exercise of any remedy provided by law and the provisions of this Agreement shall not exclude other consistent remedies unless they are expressly excluded.
12. **AMENDMENTS.** No change in or addition to this Agreement or any part Hereof shall be valid unless in writing and signed by or on behalf of the parties hereto. Buyer hereby agrees to execute any amendment requested of Buyer by Seller to the extent such amendment is required for compliance with Federal, State or Local law.
13. **SURVIVAL.** All covenants and agreements made herein shall survive the execution and delivery of the Agreement
14. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon, and be enforceable by the successors and assigns of Seller and Buyer.
15. **OFFER TO PURCHASE.** Buyers' signature herein constitutes an offer to purchase the services described hereinabove. Unless Buyer receives a written notice from Seller specifically rejecting such offer within 120 Hours from execution hereof, Seller shall deem this offer acceptable.
16. **ARBITRATION.** Notwithstanding anything to the contrary both parties hereby agree, than any disputes other than collection efforts will be subject to arbitration at the Better Business Bureau and their decision will be final and binding.

IN WITNESS WHEREOF, the parties have set forth their signature this November 30, 2006.

Seller:



Buyer:

  
JAMEY BARNETT

Seller:

\_\_\_\_\_

Buyer:

\_\_\_\_\_

Harbor Management Resort Group  
Purchase Proposal

Member ID: \_\_\_\_\_  
Contract #: \_\_\_\_\_  
Date: \_\_\_\_\_

35584  
11-30-06

Name 1: Jamey Barnett

SS# /D.O.B. 1: [REDACTED]

Name 2: \_\_\_\_\_

SS#/D.O.B. 2: \_\_\_\_\_

Address: [REDACTED]

City: Laporte

State: IN

Zip: 46330

Home Phone: [REDACTED]

Work Phone: 219-878-1595

TOTAL SALES PRICE

12,990.00

Initial Downpayment

1,299.00

Amount Financed

11,691.00

Terms

Months

60

Rate

17.80%

Service Fee

0.00

Monthly Payment

295.00

649

F111

4900  
490  
\$4410

Payment Method: ☐ Cash ☐ Check ☐ MC ☐ VISA ☐ AMEX

SURE PAY: Yes ☒ No ☐

Comments:

12 GETWAY WEEKS EOT 288

Front End BROWN

Manager: Angela Simon

Back End \_\_\_\_\_

VLO: \_\_\_\_\_

X [Signature]  
Applicant 1 Signature

X \_\_\_\_\_  
Applicant 2 Signature

contract signed  
11-30-06  
btwn  
8-9 p.m.

This is a Proposal and not a contract. Subject to execution of final contract and/or lending documents



**PURCHASE AGREEMENT**  
*Harbor Management Resort Group*

In this Agreement "Seller" means (HMRG, Harbor Management Resort Group) a Nevada corporation doing business in Las Vegas, NV. You, Yours and Buyer means the Buyer(s) shown on the first page and last page of this Agreement.

Contract #: 7478	Date of Sale: 11/30/2006
Buyer: JAMEY BARNETT [REDACTED] [REDACTED]	( ) Interval Per Year (Annual) ( X ) Interval EOY (Bi-Ennial)
# of II Weeks: 1 II Membership Gold Premier Level	Purchase Price: \$4,900.00

1. **PURCHASE AGREEMENT**, By signing this service Agreement, seller agrees to sell Buyer and Buyer agrees to buy a service agreement to provide Buyer with enrollment, membership and/or ownership into a Vacation Ownership and/or Vacation Club Travel program affiliated with Interval International Exchange Service.
2. **SERVICE AGREEMENT**, Seller will provide Buyer with a service which will enable Buyer to with obtain Interval International. Seller will directly or indirectly link Buyer with various developers and/or management companies representing HOA's affiliated with II Interval(s) resorts. Seller will administer the process of obtaining Interval(s) of vacation ownership.
  - a. Seller will process enrollment on behalf of Buyer into the II exchange program
  - b. Seller will arrange transfer of inventory and ownership from contracted Developer and Management companies to Buyer from Interval International affiliated Resorts on behalf of resorts Homeowners Association (HOA).
  - c. Seller will provide an orientation and/or training on how to best understand and use their memberships with II only at the Buyer's request.
  - d. Seller will provide Buyer with all terms and conditions of each servicing company.
3. **PURCHASE PRICE**, The total purchase price of this service contract is \$4,900.00. Buyer has delivered to the Seller, the sum of \$0.00 as a down payment (the "down payment") on the purchase of a service. The down payment shall be applied against the total purchase price upon acceptance of this Agreement by Seller. Buyer agrees to pay the remaining balance of the total purchase price as follows; (check one)
  - a. ( ) By paying to the Seller, in cash or by cashier's check, the sum of \$4,410.00 within ten days from the date of this Agreement.
  - b. ☒ By paying to the Seller (or Seller's nominee) in monthly installments the sum of \$111.51 on those terms described in a promissory note executed by Buyer of even date herewith (see paragraph below)
4. **SECURITY AGREEMENT**. In order to secure Buyer obligation to Seller under the note if any, executed by Buyer as part of the service purchase price, Buyer hereby to the note holder, its successors and assigns a purchase money security interest in Buyers ownership of a deeded resort week acquired through this service Agreement.
  - a. If a default should occur in the payments of the installment under the note, the entire principal of sum and accrued interest shall at once become due and payable upon not less than 90 days notice at the option of the note holder
  - b. Authorization to Insert Payment, Seller is hereby authorized by Buyer to insert the payment

# St. Johann Alpenland Resort Corporation

## PURCHASER'S ACKNOWLEDGEMENT

Contract No.: 7478

ATTENTION: Before your Purchase Contract is signed, please read and initial that you understand and acknowledge the following items. If you do not understand or if you have any questions concerning any item, please obtain this information from your sales representative BEFORE initialing any item.

By my initials, I, the undersigned, acknowledge that I understand and agree to each of the following items:

- |  | Initials  |
|--|-----------|
| 1. I have read and understand all the terms of my Purchase Contract.   | <u>JB</u> |
| 2. I acknowledge that I am of legal age and have the financial ability to become an Interval Owner.  | <u>JB</u> |
| 3. I understand that my Purchase Contract shall not be affected or altered by any representation or agreement, oral or otherwise, not contained in my Purchase Contract.   | <u>JB</u> |
| 4. I acknowledge that I have received the required Truth-in-Lending Disclosure Statement (if I am financing my purchase).  | <u>JB</u> |
| 5. I purchased my Interval(s) for my personal use and not as an investment. Further, my purchase of the Interval Program is not one of an investment nature. No reference to, rental program, rental income or resale income whatsoever has been made to me (us) which has influenced my (our) decision to purchase.   | <u>JB</u> |
| 6. I understand that Seller has no resale program, and no representations have been made that Seller can or will handle resales of my Interval(s) in the future.   | <u>JB</u> |
| 7. Purchaser acknowledges that he has not been induced to make this purchase based on any specific exchange request, or on any other contingency.  | <u>JB</u> |
| 8. I understand that every Vacation Week consists of seven consecutive nights from the Saturday check-in time of 4:00 p.m. until the following Saturday check-out time of 10:00 a.m.   | <u>JB</u> |
| 9. If I, the members of my family, my guests or designees do not use my entire Vacation Week in a given year, the time cannot be accumulated or carried forward for future use at this Project, and no monetary refund of any kind will be made.   | <u>JB</u> |
| 10. I understand that absolutely no pets are allowed in the Units or elsewhere in the Project.   | <u>JB</u> |
| 11. I understand that I have purchased a week(s) usage at the Alpenland Resort during the 1 season and that I must reserve an type unit at least 90 days in advance of my arrival. This unit has a maximum occupancy of 4 people.  | <u>JB</u> |
| 12. I understand that seller has executed an agreement with Interval International (II) under which II will offer a reciprocal exchange service to purchasers. The purpose of this service is to allow purchasers the option of exchanging the use of his vacation week(s) at Alpenland, for occupancy at other resorts participating in the II exchange program. Purchasers' participation in the program is voluntary and subject to payment of annual dues, as is required by II. Exchange reservation policy procedure and fees are the sole responsibility of II. Any representations made regarding the exchange program are set forth in the literature provided by II. | <u>JB</u> |
| 13. I (We) have not been pressured or promised anything that is not contained in the agreements which we have received. The following is a list of documents we have received: A) Purchase Agreement (Truth in Lending Statement); B) Acknowledgement; and C) Summary of Declaration.  | <u>JB</u> |
| 14. I (We) understand the following:<br>a. I (We) have made a down payment of \$0.00<br>b. I (We) will be making 60 consecutive installments of \$111.51<br>c. I (We) have paid the first years dues to Interval International of \$84.00 which is an annual amount optional to me (us)<br>d. In addition, I will pay an annual maintenance fee currently established at \$298.00 per Interval. I (we) own. (This fee is subject to increase or decrease based on actual costs).   | <u>JB</u> |

It is understood that by reviewing and initialing this Acknowledgement I am indicating that I am aware of my rights, privileges, and obligations as an Interval Owner within Alpenland.

Seller:

Rebecca Schmal  
St. Johann Alpenland Resort Corporation

Buyer:

Jamey Barnett  
JAMEY BARNETT

Buyer:

Comments:

ORIGINAL

6690-60



## **PURCHASE AGREEMENT**

*Vacation Resort Management*

### **Enrollment Service Contract**

In this Agreement "Seller" means (VRM, Vacation Resort Management) a Nevada corporation doing business in Crown Point, IN. You, Yours and Buyer means the Buyer(s) shown on the first page and last page of this Agreement.

Contract #: <b>1917</b>	Date of Sale: <b>06/07/2006</b>
Buyer: <b>MORRIS BLACKMON</b> <b>JUNE BLACKMON</b> [REDACTED]	( X ) Platinum Service (   ) Gold Service
# of RCI Points: <b>43500</b>	Purchase Price: <b>\$7,995.00</b>

1. **PURCHASE AGREEMENT**, By signing this service Agreement, seller agrees to sell Buyer and Buyer agrees to buy a service agreement to provide Buyer with enrollment, membership and/or ownership into a Vacation Ownership and/or Vacation Club Travel program affiliated with RCI points resorts and Star Vacation Club Membership Services.
2. **SERVICE AGREEMENT**, Seller will provide Buyer with a service which will enable Buyer to with obtain RCI points based inventory. Seller will directly or indirectly link Buyer with various developers and/or management companies representing HOA's affiliated with RCI points resorts. Seller will administer the process of obtaining RCI points as well as membership into Star Vacation Club.
  - a. Seller will process enrollment on behalf of Buyer into the RCI exchange program
  - b. Seller will process enrollment on behalf of Buyer into Star Vacation Club
  - c. Seller will arrange transfer of deeded inventory and ownership from contracted Developer and Management companies to Buyer from RCI points affiliated Resorts.
  - d. Seller will provide an orientation and/or training on how to best understand and use their memberships with RCI and/or Star Vacation Club only at the Buyer's request.
  - e. Seller will provide Buyer with all terms and conditions of each servicing company.
3. **PURCHASE PRICE**, The total purchase price of this service contract is **\$7,995.00**. Buyer has delivered to the Seller, the sum of **\$799.50** as a down payment (the "down payment") on the purchase of a service. The down payment shall be applied against the total purchase price upon acceptance of this Agreement by Seller. Buyer agrees to pay the remaining balance of the total purchase price as follows; (check one)
  - a. (   ) By paying to the Seller, in cash or by cashier's check, the sum of **\$7,195.50** within ten days from the date of this Agreement.
  - b. ☒ By paying to the Seller (or Seller's nominee) in monthly installments the sum of **\$181.94** on those terms described in a promissory note executed by Buyer of even date herewith (see paragraph below)
4. **SECURITY AGREEMENT**. In order to secure Buyer obligation to Seller under the note if any, executed by Buyer as part of the service purchase price, Buyer hereby to the note holder, its successors and assigns a purchase money security interest in Buyers ownership of a deeded resort week acquired through this service Agreement.
  - a. If a default should occur in the payments of the installment under the note, the entire principal of sum and accrued interest shall at once become due and payable upon not less than 90 days notice at the option of the note holder



## PROMISSORY NOTE

Amount Financed: \$7,195.50

Membership #: \_\_\_\_\_

Date: June 7, 2006

FOR VALUE RECEIVED, the undersigned ("Borrower") promise(s) to pay Vacation Resort Management, or order, the principal sum of \$7,195.50, with interest on the unpaid balance from the date of this Note, until paid, at the rate of interest of 17.8% percent per annum. Principal and interest shall be payable in 60 consecutive monthly installments of \$181.94, on day 7 of each month beginning August 7, 2006. Such monthly installments shall continue until the entire indebtedness evidenced by this Note is fully paid, except that any remaining indebtedness, if not sooner paid, shall be due and payable on the payment due date of month 60.

If any installment under this Note is not paid when due and remains unpaid for 10 days after the scheduled due date specified by this Note, the entire principal amount outstanding and accrued interest thereon shall at once be due and payable to the Note holder. In the event that the Note holder must enforce this Note to collect any indebtedness or to enforce or interpret the Note through attorneys at law or under advice therefrom, Borrower agrees to pay all costs of collection and enforcement, including reasonable attorneys' fees whether or not suit is brought and/or whether incurred in connection with collection, trial, appeal, bankruptcy or other creditor's proceedings or otherwise.

Borrower shall pay to the Note holder a late charge of Fifteen (\$15.00) Dollars for any payment not received by the Note holder within 10 days after the installment is due. This late charge is in addition to any "NSF" charges that may be applicable.

Borrower may prepay the entire principal amount outstanding in whole or in part. The Note holder may require that any partial prepayments (i) be made on the date monthly installments are due, and (ii) be in the amount of that part of one or more monthly installments which would be applicable to principal. Any partial prepayment shall be applied against the principal amount outstanding and shall not postpone the due date of any subsequent monthly installments or change the amount of such installments, unless the Note holder shall otherwise agree in writing.

Presentment, notice of dishonor and protest are hereby waived by all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

On a regular basis you will receive a statement showing all transactions during the period covered by the statement. Statements and notices will be sent to you at the most recent address you have given us in writing. Unless applicable law requires notice to each joint borrower, notice to any one of you will be notice to all.

The indebtedness evidenced by this Note is effective this date, June 7, 2006.

Borrower:

MORRIS BLACKMON

Date: 06/07/2006

Borrower:

JUNE BLACKMON

Date: 06/07/2006

Contract #: 1917

**D. TERM OF PARTICIPATION AGREEMENT**MEMBER INITIALS: 

RCI policy is to service members where they reside, providing convenient hours and telephone access and, where appropriate, access to RCI Guides who speak their home language. If you do not have a residence address in the US, and only have a residence address outside the US, you will be serviced by the RCI regional office for the country where you reside. In that event, the fees charged will be those regularly charged in that region, and not those charged in the US.

I understand that the term of this Agreement is for three (3) years unless I have an existing RCI Points Membership, in which case this Agreement assumes the term of my existing RCI Points Membership. Weeks with start dates greater than 90 days from the date this Agreement is signed will automatically be deposited into the RCI Points system. To access my Home Week or Home Resort reservations for future travel dates, I must contact RCI to secure this Vacation Time.

**E. ADDITIONAL OWNERS**

(Additional owners' names must appear on the deed to the ownership or similar agreement.)

The maximum number of Additional Owners on each RCI Points membership is five (5) persons. Additional Owners will be serviced on the account but will not receive RCI Points materials or mailings. The Additional Owners' names are listed below:

**ADDITIONAL OWNERS**

Printed Name	Primary Member Initials (REQUIRED)	Date	Owner's Birthdate	Country(ies) of Citizenship

**F. DEPOSIT INFORMATION**

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Member does grant, convey, transfer and assign to Resort Condominiums International, LLC, and its lawful successors and assigns for the term of this Agreement (i) all rights of use, occupancy and enjoyment in respect to the identified Vacation Time; and (ii) the exclusive rights of access, occupancy, use and enjoyment of the Vacation Time. Member retains title to the Vacation Time, subject to this assignment. This assignment is to the benefit, use and enjoyment of Resort Condominiums International, LLC in accordance with the Terms and Conditions of RCI Points Network Membership and the Network Documents as defined therein.

*Endless Vacation*® magazine is the official publication of Resort Condominiums International, LLC. RCI benefits are obtained only via subscription to the *Endless Vacation*® magazine. Use of the term "Membership" is intended to denote subscription to the *Endless Vacation*® magazine.

I understand that I will be required to pay all expenses related to the Vacation Time as well as the current Network Dues during the terms of this Participation Agreement. This Participation Agreement shall be subject to the Network Documents and the terms and conditions attached to this Participation Agreement. I have read, and I agree to those terms and conditions. I further acknowledge receipt of pertinent materials, including the *Disclosure Guide to RCI Points*, where distribution of such Disclosure Guide is required by law.

PRIMARY MEMBER

Signature (REQUIRED)

SECONDARY MEMBER

Signature (REQUIRED)

Witness (REQUIRED)

Witness (REQUIRED)

**G. SALESPERSON SIGNATURE**



**PURCHASE AGREEMENT**  
*Vacation Resort Management***Enrollment Service Contract**

In this Agreement "Seller" means (VRM, Vacation Resort Management) a Nevada corporation doing business in Crown Point, IN. You , Yours and Buyer means the Buyer(s) shown on the first page and last page of this Agreement.

Contract #: <b>3079</b>	Date of Sale: <b>07/18/2006</b>
Buyer: <b>CRYSTAL CORSEY</b> <b>2004 E. 10th St.</b> <b>Indianapolis, IN 46103</b>	( <input checked="" type="checkbox"/> ) Platinum Service (    ) Gold Service
# of RCI Points: <b>18500</b>	Purchase Price: <b>\$6,000.00</b>

- PURCHASE AGREEMENT**, By signing this service Agreement, seller agrees to sell Buyer and Buyer agrees to buy a service agreement to provide Buyer with enrollment, membership and/or ownership into a Vacation Ownership and/or Vacation Club Travel program affiliated with RCI points resorts and Star Vacation Club Membership Services.
- SERVICE AGREEMENT**, Seller will provide Buyer with a service which will enable Buyer to with obtain RCI points based inventory. Seller will directly or indirectly link Buyer with various developers and/or management companies representing HOA's affiliated with RCI points resorts. Seller will administer the process of obtaining RCI points as well as membership into Star Vacation Club.
  - Seller will process enrollment on behalf of Buyer into the RCI exchange program
  - Seller will process enrollment on behalf of Buyer into Star Vacation Club
  - Seller will arrange transfer of deeded inventory and ownership from contracted Developer and Management companies to Buyer from RCI points affiliated Resorts.
  - Seller will provide an orientation and/or training on how to best understand and use their memberships with RCI and/or Star Vacation Club only at the Buyer's request.
  - Seller will provide Buyer with all terms and conditions of each servicing company.
- PURCHASE PRICE**, The total purchase price of this service contract is **\$6,000.00**: Buyer has delivered to the Seller, the sum of **\$0.00** as a down payment (the "down payment") on the purchase of a service. The down payment shall be applied against the total purchase price upon acceptance of this Agreement by Seller. Buyer agrees to pay the remaining balance of the total purchase price as follows; (check one)
  - (    ) By paying to the Seller, in cash or by cashier's check, the sum of **\$6,000.00** within ten days from the date of this Agreement.
  - ( ☒ ) By paying to the Seller (or Seller's nominee) in monthly installments the sum of **\$175.62** on those terms described in a promissory note executed by Buyer of even date herewith (see paragraph below)
- SECURITY AGREEMENT**. In order to secure Buyer obligation to Seller under the note if any, executed by Buyer as part of the service purchase price, Buyer hereby to the note holder, its successors and assigns a purchase money security interest in Buyers ownership of a deeded resort ~~work provided through this service Agreement.~~
  - If a default should occur in the payments of the Installment under the note, the entire principal of sum and accrued interest shall at once become due and payable upon not less than 90 days notice at the option of the note holder





- b. Authorization to Insert Payment, Seller is hereby authorized by Buyer to insert the payment date to coincide with Seller's billing process as well as have all monthly and yearly dues and or payments deducted electronically from Buyer (see attached auto debit form)
5. **RIGHTS AND OBLIGATIONS OF SELLER.** The Seller is a corporation located at Crown Point, IN. The Seller is simply providing a service of enrollment on Buyer's behalf to obtain inventory with transfer of ownership directly from the contracted Developer, homeowners association, individual and/or travel club. Upon completion of transfer of ownership and membership enrollment with RCI and/or Star Vacation Club, Seller's obligation to Buyer will be deemed fulfilled. While it is anticipated that RCI and/or Star Vacation Club will continue, RCI and Star make no representations to the continued viability or affiliation of any resort. Your decision to purchase should be based primarily upon benefits gained from ownership and use of your vacation membership. All representations of servicing benefits are limited to and only represented to materials supplied by RCI or Star Vacation Club. Seller will provide Buyer with copies of enrollment applications as well as terms and conditions as provided by Sellers vendors.
6. **NOTICES.** No notice, request, demand, instruction or other document exclusive of billing or collection shall be effective for any purpose unless personally delivered to the person at the appropriate address specified below (in which event of such notice will be deemed effective only upon such delivery) or when delivered by certified mail five (5) days after confirmation of receipts from any United States post office which the notice is addressed postage pre-paid, address as follows:

Seller: VRM  
24 N. Washington Suite 2000  
Batavia, IL 60510

Buyer: CRYSTAL CORSEY  


7. **REPRESENTATIONS.** This Agreement is not subject to any verbal representations or Buyer's request of fulfillment or non-fulfillment on any travel related services provided by Seller, Seller's affiliations or any other servicing membership, enrollment or membership. Buyer hereby acknowledges that he has read and understands the terms and conditions provided by Seller to Buyer for membership into Star Vacation Club, RCI resorts or contracted developer of deeded inventory.
8. **TRANSFER OF OWNERSHIP.** Buyer hereby grants authority to Seller to transfer ownership from contracted developers, home owners associations or individuals to Buyer provided that the RCI points value of such inventory reflects points equal to or greater than the number of points anticipated yearly by Buyer at the time of purchase. RCI has the right to adjust point values based on supply and demand at their sole discretion.
9. **MEMBERSHIP.** Seller will process the enrollment of Buyer into RCI points exchange and/or Star Vacation Club membership. Each membership will require yearly dues to continue services. Seller will pay the Buyer's dues for the 1st year. Renewal of all future dues is the Buyer's obligation and handled directly with each servicing membership affiliate. Buyer is not obligated to renew any membership. Dues from RCI and Star must be current in order to use membership services.
10. **WARRANTIES AND ACKNOWLEDGEMENT OF BUYER.** Buyer consents, represents warrants and acknowledges to Seller that
- Buyer is purchasing a service contract that requires seller to enroll Buyer in RCI and/or Star Vacation Club as well as locating and overseeing the deeded transfer of ownership to Buyer from contracted developers, resellers, homeowners association management companies and individuals, which can be used for participation in the RCI points resort program.
  - Buyer understands that transfer of ownership to Buyer is at the sole discretion of Seller as to which resort inventory will be transferred to Buyer. Assignment of inventory will be determined by inventory with a points value equal to or greater than the number of points the Buyer wishes to obtain through this service Agreement.
  - Buyer understands and acknowledges that transfer of ownership will place a yearly

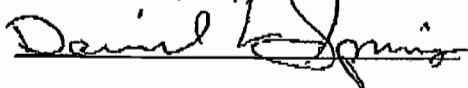
maintenance fee of \$389.00, which is the Buyer's sole responsibility to pay and keep current to maintain ownership of any said resort week.

- d. Buyer understands and acknowledges that he has 72 Hours in order to cancel this Agreement and must do so according with the rules on the Truth-in-Lending contract page.

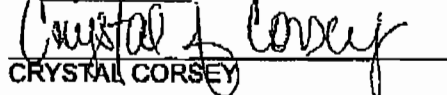
11. **WAIVER.** The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Agreement, nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The waiver by any party of the time for performing any act shall not constitute a waiver of the time for performing any act or identical act required to be performed at a later time. The exercise of any remedy provided by law and the provisions of this Agreement shall not exclude other consistent remedies unless they are expressly excluded.
12. **AMENDMENTS.** No change in or addition to this Agreement or any part Hereof shall be valid unless in writing and signed by or on behalf of the parties hereto. Buyer hereby agrees to execute any amendment requested of Buyer by Seller to the extent such amendment is required for compliance with Federal, State or Local law.
13. **SURVIVAL.** All covenants and agreements made herein shall survive the execution and delivery of the Agreement
14. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon, and be enforceable by the successors and assigns of Seller and Buyer.
15. **OFFER TO PURCHASE.** Buyers' signature herein constitutes an offer to purchase the services described hereinabove. Unless Buyer receives a written notice from Seller specifically rejecting such offer within seven (7) days from execution hereof, Seller shall deem this offer acceptable.
16. **ARBITRATION.** Notwithstanding anything to the contrary both parties hereby agree, than any disputes other than collection efforts will be subject to arbitration at the Better Business Bureau and their decision will be final and binding.

IN WITNESS WHEREOF, the parties have set forth their signature this July 18, 2006.

Seller:



Buyer:

  
CRYSTAL CORSEY

Seller:

\_\_\_\_\_

Buyer:

\_\_\_\_\_

**Retail Installment Contract**

**Notice to Buyer** (1) Do not sign this agreement until you have read it or if it contains blank spaces, (2) You are entitled to a completely filled in copy of this agreement, (3) You can prepay the full amount due under this contract at any time, (4) If you desire to pay off the balance in advance, the amount which is outstanding will be furnished upon request.

You as the buyer(s) wish to purchase a Membership in the Star Travel Club which includes the rights and privileges described in the Purchase Contract. In consideration for the issuance of the Membership, you are providing us with payment tendered with this Contract and your promise to pay the balance, if any, of your total purchase price plus any finance charges in accordance with the terms of this Contract.

TRUTH-IN-LENDING DISCLOSURE STATEMENT Creditor: Vacation Resort Management				
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS	TOTAL COST
The cost of your credit as a yearly rate	The dollar amount the credit will cost you	The amount of credit provided to you or on your behalf	The amount that you will have paid after you have made all payments	The total cost of your purchase on credit, incl. your down payment
17.8%	\$2,429.93	\$6,000.00	\$8,429.93	\$8,429.93
Number of Payments		Amount of Payments		Payments are Due
48		\$175.82		October 18, 2006
<b>Security:</b> You are not giving the lender a security in any property you own. <b>Prepayment:</b> If you pay off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charges. <b>Late Charges:</b> If Buyer has not made a monthly payment within 10 days on which it is due, Buyer will be assessed a late charge of \$15.00. Buyer agrees to pay the actual and reasonable costs of collection, including attorney's fees, occasioned by failure of the Buyer to notify the holder of any change of residence, or by the failure of the Buyer to communicate with the holder for a period of 45 days after default in making payments due under this contract.				
ITEMIZATION OF AMOUNT FINANCED				
1. Cash Price			\$6,000.00	
2. Down Payment (excluding processing fees and membership dues)			\$0.00	
3. Amount Financed			\$6,000.00	

You agree to pay Vacation Resort Management, or assignee by automatic funds debit as designated or payment coupon, all you owe under this Agreement, including all applicable interest, from the date of execution hereof until paid, whether before or after judgment, at a fixed simple per annum interest rate, as referenced herein, in consecutive payments in the amounts and on the dates explained above. If buyer wishes to cancel this retail installment agreement it must be sent via certified mail within 72 Hours to Vacation Resort Management 24 N. Washington Suite 2000 - Batavia, IL 60510. In order to process your cancellation, all goods and materials must be returned in person and a cancellation disclosure must be signed at time of refund in order to finalize the cancellation.

**NOTICE**

( ) Seller assigns its interest in this contract to alternative debt portfolios

You acknowledge that (1) prior to signing this Agreement you have read and received a legible, exact and completely filled-in copy of this Agreement and that, upon signing, such a copy was also signed by all the parties hereto, and (2) you have received a copy of every document you signed during the contract negotiations.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on this July 18, 2006.

Seller: Vacation Resort Management

Borrower: Crystal F. Corsey

By: Daniel L. Sprague

On Behalf of Representative

Borrower: CRYSTAL CORSEY

Contract #: 3079

Member #: \_\_\_\_\_



## **PURCHASE AGREEMENT**

*Vacation Resort Management*

### **Interval International**

In this Agreement "Seller" means (VRM, Vacation Resort Management) a Nevada corporation doing business at Oakbrook, IL. You, Yours and Buyer means the Buyer(s) shown on the first page and last page of this Agreement.

Contract #: <b>873</b>	Date of Sale: <b>04/09/2006</b>
Buyer: <b>CORNELL DAVIS</b> <b>PENNY DAVIS</b> [REDACTED]	( <input checked="" type="checkbox"/> ) Interval Per Year (Annual) ( <input type="checkbox"/> ) Interval EOY (Biennial)
# of II Weeks: <b>1</b> II Membership Gold Premier Level	Purchase Price: <b>\$2,995.00</b>

1. **PURCHASE AGREEMENT**, By signing this service Agreement, seller agrees to sell Buyer and Buyer agrees to buy a service agreement to provide Buyer with enrollment, membership and/or ownership into a Vacation Ownership and/or Vacation Club Travel program affiliated with Star Vacation Club Membership Services or Interval International Exchange Service.
2. **SERVICE AGREEMENT**, Seller will provide Buyer with a service which will enable Buyer to with obtain Interval International. Seller will directly or indirectly link Buyer with various developers and/or management companies representing HOA's affiliated with II Interval(s) resorts. Seller will administer the process of obtaining interval(s) of vacation ownership.
  - a. Seller will process enrollment on behalf of Buyer into the II exchange program
  - b. Seller will arrange transfer of inventory and ownership from contracted Developer and Management companies to Buyer from Interval International affiliated Resorts on behalf of resorts Homeowners Association (HOA).
  - c. Seller will provide an orientation and/or training on how to best understand and use their memberships with II and/or Star Vacation Club only at the Buyer's request.
  - d. Seller will provide Buyer with all terms and conditions of each servicing company.
3. **PURCHASE PRICE**, The total purchase price of this service contract is **\$2,995.00**. Buyer has delivered to the Seller, the sum of **\$299.50** as a down payment (the "down payment") on the purchase of a service. The down payment shall be applied against the total purchase price upon acceptance of this Agreement by Seller. Buyer agrees to pay the remaining balance of the total purchase price as follows; (check one)
  - a. ( ☐ ) By paying to the Seller, in cash or by cashier's check, the sum of **\$2,695.50** within ten days from the date of this Agreement.
  - b. ( ☐ ) By paying to the Seller (or Seller's nominee) in monthly installments the sum of **\$78.90** on those terms described in a promissory note executed by Buyer of even date herewith (see paragraph below)
4. **SECURITY AGREEMENT**. In order to secure Buyer obligation to Seller under the note if any, executed by Buyer as part of the service purchase price, Buyer hereby to the note holder, its successors and assigns a purchase money security interest in Buyers ownership of a deeded resort week acquired through this service Agreement.
  - a. If a default should occur in the payments of the Installment under the note, the entire principal of sum and accrued interest shall at once become due and payable upon not less than 90 days



notice at the option of the note holder

- b. Authorization to Insert Payment, Seller is hereby authorized by Buyer to insert the payment date to coincide with Seller's billing process as well as have all monthly and yearly dues and or payments deducted electronically from Buyer (see attached auto debit form)

5. **RIGHTS AND OBLIGATIONS OF SELLER.** The Seller is a corporation located at Oakbrook, IL. The Seller is simply providing a service of enrollment on Buyer's behalf to obtain inventory with transfer of ownership directly from the contracted Developer, homeowners association. Upon completion of transfer of ownership and membership enrollment with II and/or Star Vacation Club, Seller's obligation to Buyer will be deemed fulfilled. While it is anticipated that II and/or Star Vacation Club will continue, II and Star make no representations to the continued viability or affiliation of any resort. Your decision to purchase should be based primarily upon benefits gained from ownership and use of your vacation membership. All representations of servicing benefits are limited to and only represented to materials supplied by II or Star Vacation Club. Seller will provide Buyer with copies of enrollment applications as well as terms and conditions as provided by Sellers vendors.
6. **NOTICES.** No notice, request, demand, instruction or other document exclusive of billing or collection shall be effective for any purpose unless personally delivered to the person at the appropriate address specified below (in which event of such notice will be deemed effective only upon such delivery) or when delivered by certified mail five (5) days after confirmation of receipts from any United States post office which the notice is addressed postage pre-paid, address as follows:

Seller: VRM  
24 N. Washington Suite 2000  
Batavia, IL 60510

Buyer: CORNELL DAVIS  
PENNY DAVIS  


7. **REPRESENTATIONS.** This Agreement is not subject to any verbal representations or Buyer's request of fulfillment or non-fulfillment on any travel related services provided by Seller, Seller's affiliations or any other servicing membership, enrollment or membership. Buyer hereby acknowledges that he has read and understands the terms and conditions provided by Seller to Buyer for membership into Star Vacation Club, II resorts or contracted developer of inventory.
8. **TRANSFER OF OWNERSHIP.** Buyer hereby grants authority to Seller to transfer ownership from contracted, home owners associations to Buyer provided that the II interval(s) value of such inventory reflects the number of interval(s) anticipated yearly by Buyer at the time of purchase.
9. **MEMBERSHIP.** Seller will process the enrollment of Buyer into Interval Internationals exchange and/or Star Vacation Club membership. Each membership will require yearly dues to continue services. Seller will pay the Buyer's dues for the 1st year. Renewal of all future dues is the Buyer's obligation and handled directly with each servicing membership affiliate. Buyer is not obligated to renew any membership. Dues from II and Star must be current in order to use membership services.
10. **WARRANTIES AND ACKNOWLEDGEMENT OF BUYER.** Buyer consents, represents, warrants and acknowledges to Seller that
- Buyer is purchasing a service contract that requires seller to enroll Buyer in II and/or Star Vacation Club as well as locating and overseeing the transfer of ownership to Buyer from contracted, homeowners association or management companies, which can be used for participation in the II exchange resort program.
  - Buyer understands that transfer of ownership to Buyer is at the sole discretion of Seller as to which resort inventory will be transferred to Buyer. Assignment of inventory will be determined by inventory availability with interval(s) value equal to or greater than the number of interval(s) the Buyer wishes to obtain through this service Agreement.
  - Buyer understands and acknowledges that transfer of ownership will place a yearly maintenance fee of **\$291.12**, which is the Buyer's sole responsibility to pay and keep current to maintain ownership of any said resort week.
  - Buyer understands and acknowledges that he has 3 days in order to cancel this Agreement

and must do so according with the rules on the Truth-in-Lending contract page.

11. **WAIVER.** The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Agreement, nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The waiver by any party of the time for performing any act shall not constitute a waiver of the time for performing any act or identical act required to be performed at a later time. The exercise of any remedy provided by law and the provisions of this Agreement shall not exclude other consistent remedies unless they are expressly excluded.
12. **AMENDMENTS.** No change in or addition to this Agreement or any part Hereof shall be valid unless in writing and signed by or on behalf of the parties hereto. Buyer hereby agrees to execute any amendment requested of Buyer by Seller to the extent such amendment is required for compliance with Federal, State or Local law.
13. **SURVIVAL.** All covenants and agreements made herein shall survive the execution and delivery of the Agreement
14. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon, and be enforceable by the successors and assigns of Seller and Buyer.
15. **OFFER TO PURCHASE.** Buyers' signature herein constitutes an offer to purchase the services described hereinabove. Unless Buyer receives a written notice from Seller specifically rejecting such offer within seven (7) days from execution hereof, Seller shall deem this offer acceptable.
16. **ARBITRATION.** Notwithstanding anything to the contrary both parties hereby agree, than any disputes other than collection efforts will be subject to arbitration at the Better Business Bureau and their decision will be final and binding.

IN WITNESS WHEREOF, the parties have set forth their signature this April 9, 2006.

Seller:

John Marcus

Buyer:

Cornell Davis Sr.  
CORNELL DAVIS

Seller:

\_\_\_\_\_

Buyer:

Penny Davis  
PENNY DAVIS

Star Vacation Club  
Purchase Proposal

Tour ID #  
Tour Date 9/9/06  
Vendor:  
Gifts:

Tour Time:

Name 1: Cornell Davis Sr.

SS# 1: [REDACTED]

Name 2: Penny Davis

SS# 2: [REDACTED]

Address: [REDACTED]

City: Hammond

State: Indiana

Zip: 46324

Home Phone: [REDACTED]

Work Phone: 219-398-4163

TOTAL SALES PRICE 2,995.00

Initial Downpayment 299.50

Amount Financed 2,695.50

**Terms**

Months

Rate

Service Fee

Monthly Payment

17.80%

48

\$79

Payment Method: ☐ Cash ☐ Check ☐ MC ☐ VISA  
SURE PAY: Yes ☒ No ☐

**Comments:**

Alpenland

Front End Debby Brown

Manager:

Back End Reggie Pierce

VLO: JOHN

Cornell Davis Sr.  
Applicant 1 Signature

Penny Davis  
Applicant 2 Signature





**Notice to Buyer (1) Do not sign this agreement until you have read it or if it contains blank spaces, (2) You are entitled to a completely filled in copy of this agreement, (3) You can prepay the full amount due under this contract at any time. (4) If you desire to pay off the balance in advance, the amount which is outstanding will be furnished upon request.**

**You as the buyer(s) wish to purchase a Membership in the Star Travel Club which includes the rights and privileges described in the Purchase Contract. In consideration for the issuance of the Membership, you are providing us with payment tendered with this Contract and your promise to pay the balance, if any, of your total purchase price plus any finance charges in accordance with the terms of this Contract.**

TRUTH-IN-LENDING DISCLOSURE STATEMENT				
Creditor: Vacation Resorts Management				
<b>ANNUAL PERCENTAGE RATE</b>	<b>FINANCE CHARGE</b>	<b>AMOUNT FINANCED</b>	<b>TOTAL OF PAYMENTS</b>	<b>TOTAL COST</b>
The cost of your credit as a yearly rate	The dollar amount the credit will cost you	The amount of credit provided to you or on your behalf	The amount that you will have paid after you have made all payments	The total cost of your purchase on credit, incl. your down payment
0%	\$0.00	\$1,445.00	\$1,445.00	\$1,595.00
<b>Number of Payments</b>		<b>Amount of Payments</b>	<b>Payments are Due</b>	
18		\$80.28	April 5, 2006	
<b>Security:</b> You are not giving the lender a security in any property you own. <b>Prepayment:</b> If you pay off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charges. <b>Late Charges:</b> If Buyer has not made a monthly payment within 10 days on which it is due, Buyer will be assessed a late charge of \$15.00. Buyer agrees to pay the actual and reasonable costs of collection, including attorney's fees, occasioned by failure of the Buyer to notify the holder of any change of residence, or by the failure of the Buyer to communicate with the holder for a period of 45 days after default in making payments due under this contract.				
<b>ITEMIZATION OF AMOUNT FINANCED</b>				
1. Cash Price			\$1,595.00	
2. Down Payment (excluding processing fees and membership dues)			\$150.00	
3. Amount Financed			\$1,445.00	

You agree to pay Vacation Resorts Management, or assignee by automatic funds debit as designated or payment coupon, all you owe under this Agreement, including all applicable interest, from the date of execution hereof until paid, whether before or after judgment, at a fixed simple per annum interest rate, as referenced herein, in consecutive payments in the amounts and on the dates explained above. If buyer wishes to cancel this retail installment agreement it must be sent via certified mail within 72 hours to Vacation Resorts Management 24 N. Washington Suite 2000 - Batavia, IL 60510. In order to process your cancellation, all goods and materials must be returned in person and a cancellation disclosure must be signed at time of refund in order to finalize the cancellation.

#### NOTICE

( ) Seller assigns its interest in this contract to GTEFCU

You acknowledge that (1) prior to signing this Agreement you have read and received a legible, exact and completely filled-in copy of this Agreement and that, upon signing, such a copy was also signed by all the parties hereto, and (2) you have received a copy of every document you signed during the contract negotiations.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on this February 18, 2006.

Seller: Vacation Resorts Management

Borrower:

Therese Drozd  
THERESE DROZD

By: Co. Representative

Borrower:

George Drozd  
GEORGE DROZD

Contract #: 114

Member #: \_\_\_\_\_





ICW/Star Vacation Club  
Purchase Proposal

Member ID: \_\_\_\_\_  
Contract #: \_\_\_\_\_  
Date: \_\_\_\_\_

Name 1: DEAN EFANTIS SS# 1: [REDACTED]  
Name 2: EMMA R EFANTIS SS# 2: [REDACTED]  
Address: [REDACTED] City: VALPARAISO  
State: IN Zip: 46385  
Home Phone: [REDACTED] Work Phone: 763 8045

TOTAL SALES PRICE	1,995.00
Initial Downpayment	0.00
Amount Financed	1,995.00

**Terms**

Months	18
Rate	0.00%
Service Fee	0.00
Monthly Payment	(\$110.83)

Payment Method: ☒ Cash ☐ Check ☐ MC ☐ VISA ☐ AMEX  
SURE PAY: ☒ Yes ☐ No

Comments: 30,000 points - used over 3 years - Price Freeze for 6789.00 all money  
paid into program to be applied to purchase of points program

Front End: [Signature] Manager: [Signature]  
Back End: CHATS VLO: [Signature]

[Signature]  
Applicant 1 Signature

[Signature]  
Applicant 2 Signature

This is a Proposal and not a contract. Subject to execution of final contract and/or lending documents

## Retail Installment Contract

**Notice to Buyer (1)** Do not sign this agreement until you have read it or if it contains blank spaces, **(2)** You are entitled to a completely filled in copy of this agreement, **(3)** You can prepay the full amount due under this contract at any time. **(4)** If you desire to pay off the balance in advance, the amount which is outstanding will be furnished upon request.

You as the buyer(s) wish to purchase from Vacation Resort Management in the Star Travel Club which includes the rights and privileges described in the Purchase Contract. In consideration for the issuance of the Membership, you are providing us with payment tendered with this Contract and your promise to pay the balance, if any, of your total purchase price plus any finance charges in accordance with the terms of this Contract.

TRUTH-IN-LENDING DISCLOSURE STATEMENT Creditor: Vacation Resort Management				
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS	TOTAL COST
The cost of your credit as a yearly rate  0%	The dollar amount the credit will cost you  \$0.00	The amount of credit provided to you or on your behalf  \$1,995.00	The amount that you will have paid after you have made all payments  \$1,995.00	The total cost of your purchase on credit, incl. your down payment  \$1,995.00
Number of Payments		Amount of Payments		Payments are Due
18		\$110.83		July 15, 2006
<b>Security:</b> You are not giving the lender a security in any property you own. <b>Prepayment:</b> If you pay off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charges. <b>Late Charges:</b> If Buyer has not made a monthly payment within 10 days on which it is due, Buyer will be assessed a late charge of \$15.00. Buyer agrees to pay the actual and reasonable costs of collection, including attorney's fees, occasioned by failure of the Buyer to notify the holder of any change of residence, or by the failure of the Buyer to communicate with the holder for a period of 45 days after default in making payments due under this contract.				
ITEMIZATION OF AMOUNT FINANCED				
1. Cash Price			\$1,995.00	
2. Down Payment (excluding processing fees and membership dues)			\$0.00	
3. Amount Financed			\$1,995.00	

You agree to pay Vacation Resort Management, or assignee by automatic funds debit as designated or payment coupon, all you owe under this Agreement, including all applicable interest, from the date of execution hereof until paid, whether before or after judgment, at a fixed simple per annum interest rate, as referenced herein, in consecutive payments in the amounts and on the dates explained above. If buyer wishes to cancel this retail installment agreement it must be sent via certified mail within 72 hours to Vacation Resort Management 24 N. Washington Suite 2000 - Batavia, IL 60510. In order to process your cancellation, all goods and materials must be returned in person and a cancellation disclosure must be signed at time of refund in order to finalize the cancellation.

### NOTICE

( ) Seller assigns its interest in this contract to alternative debt portfolios

You acknowledge that (1) prior to signing this Agreement you have read and received a legible, exact and completely filled-in copy of this Agreement and that, upon signing, such a copy was also signed by all the parties hereto, and (2) you have received a copy of every document you signed during the contract negotiations.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on this May 30, 2006.

Seller: Vacation Resort Management

Borrower: 

By: 

DEAN EFANTIS

Borrower: 

DEAN EFANTIS

Contract #: 1750

Member #: \_\_\_\_\_



1 800 870 6211

**PURCHASE AGREEMENT**

*Vacation Resort Management*

**Enrollment Service Contract**

In this Agreement "Seller" means (VRM, Vacation Resort Management) a Nevada corporation doing business at Crown Point, IN. You , Yours and Buyer means the Buyer(s) shown on the first page and last page of this Agreement.

Contract #: <b>669</b>	Date of Sale: <b>03/30/2006</b>
Buyer: <b>EARL FERRELL</b> <b>MICHELLE FERRELL</b> <b>[REDACTED]</b> <b>[REDACTED]</b>	( <input checked="" type="checkbox"/> ) Platinum Service ( <input type="checkbox"/> ) Gold Service
# of RCI Points: <b>24200</b>	Purchase Price: <b>\$6,995.00</b>


1. **PURCHASE AGREEMENT**, By signing this service Agreement, seller agrees to sell Buyer and Buyer agrees to buy a service agreement to provide Buyer with enrollment, membership and/or ownership into a Vacation Ownership and/or Vacation Club Travel program affiliated with RCI points resorts and Star Vacation Club Membership Services.
2. **SERVICE AGREEMENT**, Seller will provide Buyer with a service which will enable Buyer to with obtain RCI points based inventory. Seller will directly or indirectly link Buyer with various developers and/or management companies representing HOA's affiliated with RCI points resorts. Seller will administer the process of obtaining RCI points as well as membership into Star Vacation Club.
  - a. Seller will process enrollment on behalf of Buyer into the RCI exchange program
  - b. Seller will process enrollment on behalf of Buyer into Star Vacation Club
  - c. Seller will arrange transfer of deeded inventory and ownership from contracted Developer and Management companies to Buyer from RCI points affiliated Resorts.
  - d. Seller will provide an orientation and/or training on how to best understand and use their memberships with RCI and/or Star Vacation Club only at the Buyer's request.
  - e. Seller will provide Buyer with all terms and conditions of each servicing company.
3. **PURCHASE PRICE**, The total purchase price of this service contract is **\$6,995.00**. Buyer has delivered to the Seller, the sum of **\$0.00** as a down payment (the "down payment") on the purchase of a service. The down payment shall be applied against the total purchase price upon acceptance of this Agreement by Seller. Buyer agrees to pay the remaining balance of the total purchase price as follows; (check one)
  - a. ( ☐ ) By paying to the Seller, in cash or by cashier's check, the sum of **\$6,995.00** within ten days from the date of this Agreement.
  - b. ( ☒ ) By paying to the Seller (or Seller's nominee) in monthly installments the sum of **\$176.87** on those terms described in a promissory note executed by Buyer of even date herewith (see paragraph below)
4. **SECURITY AGREEMENT**. In order to secure Buyer obligation to Seller under the note if any, executed by Buyer as part of the service purchase price, Buyer hereby to the note holder, its successors and assigns a purchase money security interest in Buyers ownership of a deeded resort week acquired through this service Agreement.
  - a. If a default should occur in the payments of the installment under the note, the entire principal of sum and accrued interest shall at once become due and payable upon not less than 90 days notice at the option of the note holder

- b. Authorization to Insert Payment, Seller is hereby authorized by Buyer to insert the payment date to coincide with Seller's billing process as well as have all monthly and yearly dues and or payments deducted electronically from Buyer (see attached auto debit form)

5. **RIGHTS AND OBLIGATIONS OF SELLER.** The Seller is a corporation located at Crown Point, IN. The Seller is simply providing a service of enrollment on Buyer's behalf to obtain inventory with transfer of ownership directly from the contracted Developer, homeowners association, individual and/or travel club. Upon completion of transfer of ownership and membership enrollment with RCI and/or Star Vacation Club, Seller's obligation to Buyer will be deemed fulfilled. While it is anticipated that RCI and/or Star Vacation Club will continue, RCI and Star make no representations to the continued viability or affiliation of any resort. Your decision to purchase should be based primarily upon benefits gained from ownership and use of your vacation membership. All representations of servicing benefits are limited to and only represented to materials supplied by RCI or Star Vacation Club. Seller will provide Buyer with copies of enrollment applications as well as terms and conditions as provided by Sellers vendors.

6. **NOTICES.** No notice, request, demand, instruction or other document exclusive of billing or collection shall be effective for any purpose unless personally delivered to the person at the appropriate address specified below (in which event of such notice will be deemed effective only upon such delivery) or when delivered by certified mail five (5) days after confirmation of receipts from any United States post office which the notice is addressed postage pre-paid, address as follows:

Seller: VRM  
24 N. Washington Suite 2000  
Batavia, IL 60510

Buyer: **EARL FERRELL**  
**MICHELLE FERRELL**  


7. **REPRESENTATIONS.** This Agreement is not subject to any verbal representations or Buyer's request of fulfillment or non-fulfillment on any travel related services provided by Seller, Seller's affiliations or any other servicing membership, enrollment or membership. Buyer hereby acknowledges that he has read and understands the terms and conditions provided by Seller to Buyer for membership into Star Vacation Club, RCI resorts or contracted developer of deeded inventory.
8. **TRANSFER OF OWNERSHIP.** Buyer hereby grants authority to Seller to transfer ownership from contracted developers, home owners associations or individuals to Buyer provided that the RCI points value of such inventory reflects points equal to or greater than the number of points anticipated yearly by Buyer at the time of purchase. RCI has the right to adjust point values based on supply and demand at their sole discretion.
9. **MEMBERSHIP.** Seller will process the enrollment of Buyer into RCI points exchange and/or Star Vacation Club membership. Each membership will require yearly dues to continue services. Seller will pay the Buyer's dues for the 1st year. Renewal of all future dues is the Buyer's obligation and handled directly with each servicing membership affiliate. Buyer is not obligated to renew any membership. Dues from RCI and Star must be current in order to use membership services.
10. **WARRANTIES AND ACKNOWLEDGEMENT OF BUYER.** Buyer consents, represents warrants and acknowledges to Seller that
- a. Buyer is purchasing a service contract that requires seller to enroll Buyer in RCI and/or Star Vacation Club as well as locating and overseeing the deeded transfer of ownership to Buyer from contracted developers, resellers, homeowners association management companies and individuals, which can be used for participation in the RCI points resort program.
  - b. Buyer understands that transfer of ownership to Buyer is at the sole discretion of Seller as to which resort inventory will be transferred to Buyer. Assignment of inventory will be determined by inventory with a points value equal to or greater than the number of points the Buyer wishes to obtain through this service Agreement.
  - c. Buyer understands and acknowledges that transfer of ownership will place a yearly



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## Retail Installment Contract

Notice to Buyer (1) Do not sign this agreement until you have read it or if it contains blank spaces, (2) You are entitled to a completely filled in copy of this agreement, (3) You can prepay the full amount due under this contract at any time. (4) If you desire to pay off the balance in advance, the amount which is outstanding will be furnished upon request.

You as the buyer(s) wish to purchase from Vacation Resort Management in the Star Travel Club which includes the rights and privileges described in the Purchase Contract. In consideration for the issuance of the Membership, you are providing us with payment tendered with this Contract and your promise to pay the balance, if any, of your total purchase price plus any finance charges in accordance with the terms of this Contract.

TRUTH-IN-LENDING DISCLOSURE STATEMENT				
Creditor: Vacation Resort Management				
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS	TOTAL COST
The cost of your credit as a yearly rate	The dollar amount the credit will cost you	The amount of credit provided to you or on your behalf	The amount that you will have paid after you have made all payments	The total cost of your purchase on credit, incl. your down payment
0%	\$0.00	\$1,445.00	\$1,445.00	\$1,595.00
Number of Payments		Amount of Payments		Payments are Due
18		\$80.28		July 15, 2006
<p><b>Security:</b> You are not giving the lender a security in any property you own.</p> <p><b>Prepayment:</b> If you pay off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charges.</p> <p><b>Late Charges:</b> If Buyer has not made a monthly payment within 10 days on which it is due, Buyer will be assessed a late charge of \$15.00. Buyer agrees to pay the actual and reasonable costs of collection, including attorney's fees, occasioned by failure of the Buyer to notify the holder of any change of residence, or by the failure of the Buyer to communicate with the holder for a period of 45 days after default in making payments due under this contract.</p>				
ITEMIZATION OF AMOUNT FINANCED				
1. Cash Price			\$1,595.00	
2. Down Payment (excluding processing fees and membership dues)			\$150.00	
3. Amount Financed			\$1,445.00	

You agree to pay Vacation Resort Management, or assignee by automatic funds debit as designated or payment coupon, all you owe under this Agreement, including all applicable interest, from the date of execution hereof until paid, whether before or after judgment, at a fixed simple per annum interest rate, as referenced herein, in consecutive payments in the amounts and on the dates explained above. If buyer wishes to cancel this retail installment agreement it must be sent via certified mail within 72 hours to Vacation Resort Management 24 N. Washington Suite 2000 - Batavia, IL 60510. In order to process your cancellation, all goods and materials must be returned in person and a cancellation disclosure must be signed at time of refund in order to finalize the cancellation.

### NOTICE

( ) Seller assigns its interest in this contract to alternative debt portfolios

You acknowledge that (1) prior to signing this Agreement you have read and received a legible, exact and completely filled-in copy of this Agreement and that, upon signing, such a copy was also signed by all the parties hereto, and (2) you have received a copy of every document you signed during the contract negotiations.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on this May 12, 2006.

Seller: Vacation Resort Management

Borrower: William D. Garnett

By: [Signature]

Co. Representative

By: [Signature]

WILLIAM GARNETT

CELSETE HOLLOWAY GARNETT

Contract #: 1442

Member #: \_\_\_\_\_

